INTERSTATE MIGRATION

HEARINGS

BEFORE THE

SELECT COMMITTEE TO INVESTIGATE THE INTERSTATE MIGRATION OF DESTITUTE CITIZENS HOUSE OF REPRESENTATIVES

SEVENTY-SIXTH CONGRESS
THIRD SESSION

PURSUANT TO

H. Res. 63, 491, and 629

RESOLUTIONS TO INQUIRE INTO THE INTERSTATE
MIGRATION OF DESTITUTE CITIZENS, TO STUDY,
SURVEY, AND INVESTIGATE THE SOCIAL AND
ECONOMIC NEEDS AND THE MOVEMENT OF
INDIGENT PERSONS ACROSS STATE LINES

PART 9
WASHINGTON HEARINGS

DECEMBER 5, 6, 9, and 10, 1940

Printed for the use of the Select Committee to Investigate the
Interstate Migration of Destitute Citizens

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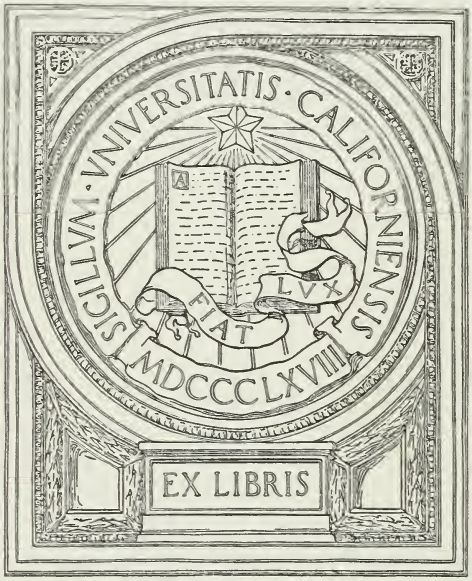
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INTERSTATE MIGRATION

THURSDAY, DECEMBER 5, 1940

House of Representatives,
Select Committee to Investigate the
Interstate Migration of Destitute Citizens,
Washington, D. C.

The committee met at 10 a. m., Hon. John H. Tolan (chairman) presiding.

Present: Representatives John H. Tolan (chairman), Claude V. Parsons, Carl T. Curtis, and Frank C. Osmers, Jr.

Also present: Dr. Robert K. Lamb, chief investigator; Henry H. Collins, Jr., coordinator of hearings; Creekmore Fath and John W. Abbott, field investigators; Ariel E. V. Dunn and Alice M. Tuohy, assistant field investigators; Irene M. Hageman, hearings secretary; Richard S. Blaisdell, editor; Harold D. Cullen, associate editor.

The Chairman. The committee will please come to order, and I will ask Mr. Hoehler to take the stand. Mr. Hoehler, Congressman Curtis will have the honor of interrogating you, sir.

TESTIMONY OF FRED K. HOEHLER, DIRECTOR, AMERICAN PUBLIC WELFARE ASSOCIATION, CHICAGO, ILL.

Mr. Curtis. Mr. Hoehler, we are very glad you could get away from the convention, or meeting, of which you are in charge, and favor our committee with a statement.

You have a prepared statement, which will be inserted in our record at this point and made a part of our hearings and carefully analyzed by a number of people connected with this committee.

(The statement follows:)

STATEMENT OF FRED K. HOEHLER, DIRECTOR, AMERICAN PUBLIC WELFARE ASSOCIATION

As one formerly engaged in the administration of a public welfare department and a department of public safety, I have for some years had an interest in the migrant problem. That interest came first because these migrants are people and, second, because public agencies had some responsibility toward helping these people meet their problems.

The migrant population of this country like some of our minority groups has been subject to much abuse and misunderstanding. Migrants have been accused of aimless and wasteful wandering, which honestly and in the final analysis can only be boiled down to the problem of seeking a livelihood in the American way. Men and families who reside in communities where the opportunities for earning a livelihood have failed or disappeared, using their individual initiative, start out to travel in search of new opportunities.

MIGRATION AN AMERICAN TRADITION

Migration is no new phenomenon. This Nation has subsidized it since the early 1800's when settlement in the western States meant the expansion of the American democracy and the development of our wealth and resources. The early migration to this country from Europe, which was encouraged by those who hoped to see the wealth and resources developed, the grants of land to homesteaders, and similar grants to railroads for the development of the West, were all early manifestations of the problem of migration.

In later years, farmers and industrialists have encouraged migration, first, because labor was needed for new industries and for harvesting crops, and second, because it was thought desirable to increase the size of the labor market when competitive bidding for man's labor came to be an important factor in industry and agriculture.

HEAVY POPULATION MOVEMENTS

For over 10 years, one of my responsibilities in a midwestern city was the operation of an agency for the care of so-called transients. In the 1920's, I saw a small group of men and women moving from the southern States into the northern industrial cities seeking employment. Some of these came as individuals or with small families in twos and threes. Others moved into our city or through it in trains provided by commissary companies or employment agents for industrial firms. In those days, this seemed natural and necessary because industry was expanding and mechanical improvements in agriculture were beginning gradually to reduce the need for manpower on the farm.

Later, in the early 1930's, this group increased, and still later, hordes of people of all races and creeds from nearly every city and State passed through that city of Cincinnati, Ohio. During that period I talked with thousands of men and women who were migrating from one place to another. Some of them were moving out in the search for jobs; others were returning home discouraged and despondent.

During the past 5 years I have had the opportunity to visit and talk with migrants in their camps in California and have talked with others along the now famous Highway 66, as well as on other roads of Texas and Arizona. In most of those interviews and in the great majority of people whom I saw face to face, I found a spirit of courage which we have always admired in America. Each had the determination to improve his condition even at great personal sacrifice. There also was the frequently expressed desire to be an integral part of the American economy, which was producing great machines and automobiles, building skyscrapers, and bringing labor-saving devices into the homes, the fields, and the shops. If there were any difference between this group and those of us who remained at home, it was merely that they had a greater spirit of adventure and perhaps more physical courage than the rest of us.

ABSENCE OF UNIFORM SETTLEMENT LAWS A FACTOR

Two factors played an important role in this migration. The first of these was the emphasis on legal settlement, and the second was its social and economic aspect. The administration of public relief to dependent people is restricted in most States by legislative provisions which base eligibility for assistance on the number of years the individual has spent in the community. These provisions, known as settlement laws, had their genesis in the English poor laws of the seventeenth century. These laws were directed at the control of that dependency, which resulted from the break-down of the feudal system and the subsequent growth of urban communities.

In this country during the past 2 decades there has been added emphasis on settlement laws as a means of control of that type of dependency which has grown out of population mobility.

In the United States legal settlement varies from the State laws which provide no statutory basis for settlement either within the State or its jurisdictions, to those States which provide as many as 5 years settlement within a State before assistance is allowed. In some cases residence of from 6 months to a year within a county of a particular State is required before that county will assume responsibility for care and assistance.

It can be seen, therefore, that the problem of public aid to the interstate migrant is seriously aggravated by variation in the settlement laws of the several States. There are many instances where a person may lose settlement in one State before it is possible for him to gain settlement in another. This leaves him in the exact position of a man without a country should he or his family suddenly become ill or require some form of public aid. The unfortunate part about this is that those who are involved are usually unaware of their change in status. When a man starts out in search of work, there is no barrier at the State lines, or no warning that he is in imminent danger of losing his settlement in one State when he passes into another. This aspect of the problem is legal and will require the enactment or repeal of legislation in a great many States before there can be uniformity in the treatment of people who move from one State to another. In this regard our States have become so "balkanized" that we are constantly at conflict in law as to who should provide for hungry people.

SOCIAL ADJUSTMENTS FOUND DIFFICULT

The social and economic aspects of the problem are those which are presented by the need for the mobility of labor throughout the entire Nation and the need for special migrant groups in certain parts of our country. People move because they are encouraged to do so by advertisements from another State in which work is promised, or there are those who in sheer desperation move out to find a job. These may be the products of social maladjustment or economic developments which are too vast and complicated for the average individual to understand. It becomes an almost impossible task to explain to the migrant from Oklahoma, "You are not wanted in California this year," when only a few years ago his friends and relatives were encouraged to make the trek. In spite of warnings, he sets out to help meet a demand for labor which he is convinced exists.

Another social phenomenon is the movement of people who are sick and in need of a different climate to relieve suffering. It is the most natural thing in the world for a person from the Ohio Valley to move into the Southwest to relieve a sinus condition which has made it impossible for him to work.

There are some who claim that people move from one State where there are no relief grants, or where there are meager or starvation grants, to another State where the relief grants may be more generous. These, in my experience, I have found constitute an extremely small group. This group is small because most people who have had to exist on the ragged edge of poverty for years are well aware of the fact that there is absolutely no security in what we know as the public relief grant. A community which provides $20 or $30 per month this year for relief families always faces the uncertainty of legislative appropriations and the riddle of what will be the number of those who are asking relief during the next year, as well as the ever-present uncertainty of work programs provided by the Federal Government. These facts are all well known to people who have themselves been on relief, and it is too hazardous to leave a home and the place where they have friends to go to a strange community in the hope that they may get more adequate relief.

NATIONAL DEFENSE PROGRAM AGGRAVATES PROBLEM

One of the most significant migrations of recent months is the movement of thousands of individuals and families to the scores of new national-defense centers which are being established all over the United States. While this migration has not yet reached alarming proportions a sufficient number have already moved, and there are enough indications of future population shifts to warrant considerable concern.

Members of the field staff of the American Public Welfare Association, in their visits to a number of these newly created centers and to older centers where there is increased activity, report a growing transient population and adjustments in these communities affecting the welfare and security of the entire community. In almost every one of the defense centers, small towns and even larger cities are finding their vacant lots crowded with old and new trailers; small jails and even fire houses are crowded with men seeking work at the new plants, and boarding houses and small hotels are filled to capacity.

In one of the small middle western towns to which over 8,000 new workers commute every day, all local facilities established for a town of less than a thousand are crowded beyond capacity. This influx of men has created housing, health, and recreation problems in nearby larger urban centers. Local officials in cities surrounding the defense-center town report increased traffic and other police problems. When the construction projects at this new center are completed about 2,500 men will be replaced by an equal number of women who will be employed at the plant, creating new and different welfare problems.

These typical problems exist on a larger or a smaller scale in each of the defense centers where facilities do not exist, or are limited to take care of the transients seeking work, or those who fail to hold their jobs because of the very rigid physical examination. Complex problems will arise where they never before existed. The incomplete framework of general relief services, inadequately supported in many cases from local funds, makes it impossible to cope with the emergency relief needs which have already been manifest and which will probably multiply in the near future.

Present national-defense plans indicate that the defense projects at the various centers will continue for a number of years. This development, like all others in the past where there have been appreciable shifts in the location of industry and economic activitly related to the concentration of large numbers of men, results in a temporary crisis in family life for large numbers and continuing problems for a somewhat smaller group. The problem of possible dependence is only one of the many welfare problems which attend large-scale migrations.

SUGGESTIONS FOR LEGISLATION

A few elements in the present situation which must be considered in devoloping legislation or administrative processes for helping to prevent unnecessary migrancy are:

1. The dispossessed people who are moved off land which is purchased for military or defense industry purposes.
2. The possible loss of some foreign markets and shift of others which will mean a new dislocation of workers, both urban and rural.
3. The possibility of evacuation of areas for the protection of families who may be subjected to the violence of attack from without or to the hazards of vulnerable industries subject to attack from within.

These elements produce situations of importance not only to the local community and to the State government, but of vital concern to the Nation's welfare. No solution to the problem of migration can be found in the individual States alone, or even in a regional plan. Migration is interstate in character, and it is beyond the capacity of the States themselves to deal with it adequately. The problem, viewed in all of its aspects, is national in nature, and any solution to it will require the leadership and participation of the Federal Government.

Such a program of Federal leadership with State cooperation would include:

1. The abolition of State settlement laws, or at least the enactment of uniform settlement laws in all States. The abolition of settlement laws is based on the theory that for most States the relief burden would not be increased because the number of dependents coming into a State would offset those going out. It is obvious that the advantages of climate or living conditions in some States would attract more people than would be attracted to other States. This may, therefore, work a hardship upon a few areas unless it is accompanied by the next step.
2. An adequate general relief program with Federal participation through grants-in-aid to the States and Federal supervision of standards and methods of administration. In any general relief program with Federal and State participation, there should be present at least two factors favorable to a solution of the migrant problem. These are:

(*a*) More adequate relief standards in each State which would enable people out of work to stay home and seek work in the community where they have residence.

(*b*) Special provision for care of the nonsettled person or of the migrant group needed for seasonal work. This provision would come only through a larger Federal share in the cost of care for such unsettled people.

3. A stronger and more effective employment service which would have the full confidence of the employer and employee group. Such a service could assist in the orderly flow of migrant labor and facilitate the placement of workers needed in interstate employment. This, of course, must be a service operated on a national basis, under Federal control.

In the local communities with State and Federal cooperation, there must be more than mere lodging and subsistence for the transient group. Transient centers in cities and counties should be equipped to provide medical examinations and subsequent medical care for migrants who are found to be ill or suffering from serious physical disabilities. Such transient centers should be constantly in touch with employment agencies for the necessary clearance on placement of personnel.

Finally there must be recognition of the need for united action among all three levels of government—Federal, State, and local—in the care of distressed people if our Nation is to defend its institutions effectively against aggression.

TESTIMONY OF FRED K. HOEHLER—Resumed

Mr. CURTIS. There are a few things I want to inquire about. In the first place, I believe I will ask you to summarize, just briefly, the point or points that you make in your prepared statement. Just proceed in your own words.

Mr. HOEHLER. Briefly, what I have done in my statement is to attempt to show that the migration problem is one which was not born of this depression, or the depression which began in 1929, but is a phenomenon which has been going on in this country for years, because of the necessity of moving people for our industrial development. And then its aggravation came in 1929, when great numbers of people had to be moved.

I have also tried to make the point that at the present time, when people are moving from one community to another in the defense program, we find not only isolated instances but a number of occasions when the so-called migratory problems have been increased because people are flocking to defense areas.

MIGRANT PROBLEM REQUIRES FEDERAL LEADERSHIP

I have suggested, in the final analysis, this is a problem which cannot be handled by local communities or by the States; it must be by Federal leadership and Federal encouragement. And by "leadership" I mean the Federal Government must enact legislation, must set an example through that legislation for the kind of standards to be set in maintaining people who are moving about the country as migrants. They must put funds into the care of people throughout the country. And I am speaking in this memoranda of a general relief problem, rather than a specific transient relief problem; because, after all, migrants are people, too, and should not be too isolated or set aside from the population.

I am suggesting that the settlement laws might be revised; that there might be some uniformity of settlement laws, and I have discussed very briefly the matter of the abolition of settlement laws.

Mr. Curtis. At that point, do you recommend as the move to be made at this time something toward uniformity, or the abolition of settlement laws?

Mr. Hoehler. My personal recommendation would be toward uniformity, to be brought about by some participation in the cost of maintaining people throughout the country by the Federal Government. Uniformity should be one of the bases, one of the qualifications on which the Federal Government would provide that help.

NEED FOR IMPROVED EMPLOYMENT SERVICE

Then I have suggested that the employment service needs strengthening. It needs to be more effective and efficient, and it can only be that, I intimate, without much of an argument, if it is a Federal employment system. There is too much lack of uniformity, too much indifference on the part of some employment officials—State employment officials—to this problem which is national, because they have their own State problems. A good national employment service operated from Washington in the States and localities could effectively control some of the flow of migrant labor.

That, gentlemen, is a brief of the statement which I have presented.

Mr. Curtis. Mr. Hoehler, how long have you been engaged in work of this sort?

Mr. Hoehler. Well, I became the welfare director in the city of Cincinnati back in 1926. Shortly after that, I became safety director and also handled welfare problems. And in the welfare department, in the early 1920's, we found some movement of population. It increased through the late 1920's and 1930's.

POLICE PROBLEMS AND FIRE HAZARDS

As safety director, I had the police problem of handling migrants who fell into the clutches of policemen, and tried to be just as humane as possible, and to treat them with a little social service in connection with our activities. And we also had a fire problem; because, incidentally, while we do not hear much about it, a community which grows up adjacent to large cities, either a trailer camp or small camp that is built by migrants who come in looking for jobs, becomes distinctly a fire problem, a fire hazard, to the community. And in that work, for over 12 years, in the city of Cincinnati, I became pretty well acquainted with some of the problems of the migrants flowing from the South through the city of Cincinnati, which happened to be a bottleneck, to the industrial regions of the North. And, since that time I have been engaged as national director of the national organization of welfare directors—the American Public Welfare Association.

Mr. Curtis. And what is that association?

Mr. Hoehler. The American Public Welfare Association is an association of public officials engaged in welfare work. It was organized in 1930, when public welfare work around the country began to increase its activities, and at that time the present commissioner of agencies and institutions in the State of New Jersey was president of the association. It has grown since then to rather a large organization which engages only in attempting to increase the efficiency of welfare directors, the administration of public welfare around the country, and has a membership of about four or five thousand.

We have two organizations within the American Public Welfare Association—one, the Association of State Public Welfare Officials; and the other the Association of Local Public Welfare Officials. Today, at this very hour, 44 different State public-welfare officials are meeting in a hotel in this city, and 200 local public-welfare officials, discussing problems relating to this one in which your committee is so vitally interested.

URGES UNIFORM SETTLEMENT LAWS

Mr. Curtis. Now, you discuss in your paper and you have mentioned here the problem of settlement laws and say that you personally favor a move toward uniformity. What do you have to suggest as a means of bringing about that uniformity?

Mr. Hoehler. Well, as I travel around the country, and just to qualify myself—I have been in 32 States since the first of this year to spend 3 days or more at a time, and I would say that the thing most needed to establish uniform settlement laws is a general relief program in which the Federal Government and the States participate with local communities to provide assistance to people who are unemployed and cannot find any assistance in the established categories under the Social Security Act. There are many States where no provision is made for people who are hungry and homeless, except some surplus commodities provided by the Federal Government. And that sounds just like a couple of words when you talk about people being hungry and homeless, but if you get into some of our southern States, particularly, you will find, with a few exceptions—and the State of Alabama is a notable exception—there is no provision for people who are not provided for either by the Work Projects Administration or under the so-called social-security categories. As a result, those people are hungry; they are undernourished and are creating a definite national problem.

GENERAL RELIEF SUGGESTED AS MIGRANT AID

Now, if general relief could be provided with Federal participation, States like California, New York, and Illinois, where they have inadequate, but at least some, relief for people who are living in those States, would not be so inclined to raise their residence laws to 3, 4, or 5 years, which is the situation now in their attempt to keep so-called migrants out of the State.

Mr. Curtis. Is a Federal transient program feasible without some general program?

Mr. Hoehler. I would say it is not. In the first place, a Federal transient program, operated as a Federal program in the local communities, sets these people who are transients apart from the rest of the population; when, as a matter of fact, the desirable thing is to integrate them into the population, to tie them to the soil, to give them an opportunity to live somewhere, instead of isolating and setting them aside as we would some particular category whom we fear in the community. And I would much prefer, and I think most of the people who know this problem would, to have a general relief program in which the Federal Government, the States, and the local communities all participate, operated either by the State or local community, in which provision is made for all people, regardless of whether they are residents or nonsettled people. And perhaps under that program the Federal Government could offer certain inducements to States to reduce the settlement laws, but at least to bring about uniformity of settlement laws by providing some additional share in the cost of maintaining nonsettled people.

Mr. Curtis. We have heard many witnesses discuss this problem which you have discussed. What I am about to ask does not pertain to your paper that you have prepared and I may be wrong in my memory as to what the law is. In my own State of Nebraska, it is my recollection it is the law that if there is someone hungry, who needs either relief or medical care, or whatever the case may be, certain local officials are not only bound to take care of them, but they are guilty of a criminal act if they refuse to do so, regardless of settlement laws. And then the recovery from the place where that person belongs is followed up afterward, if it can be done; but the first duty is to take care of those people. Now, that is more or less a theoretical question in my State, because in my State the migration of people has been outward; our people have moved out of the territory and have become migrants elsewhere. But do you know whether a similar provision of law prevails in any other State?

CHARGE-BACK SYSTEM OF RELIEF

Mr. Hoehler. Oh, yes; there are a number of States in which they have a charge-back system. I operated under it. But it just does not work. You cannot drag a county into jail; you cannot drag a State into jail. You can bring them into court and get a judgment, but it is another thing to try to collect on that judgment.

Mr. Curtis. I am not discussing so much the charge-back and the recovery under it, but I am wondering does the operation of a law that requires these officials to take care of those people, regardless of the settlement laws—does that part of it work, in your experience?

Mr. Hoehler. There are plenty of laws to that effect, but you cannot have jails enough in the country to take care of the people who violated that law. They violate it, just do not take care of them, because the public officials do not have the money.

Mr. Curtis. They do not appropriate the money for that particular purpose?

Mr. Hoehler. They do not appropriate the money for that particular purpose and, in many cases, they are completely indifferent to whether people are suffering, or not. I say that not generally, but I would refer, in the matter of indifference, to about 25 or 30 percent of the local welfare officials around the country. There are a number of them elected; the township trustees are elected, and they are not interested particularly in doing anything more than getting a sufficient number of votes to put them into office at the next election. And the funds which they have to use are extremely meager. There is no record kept of any money which they use in my own State of Ohio where I, for years, worked in connection with township trustees. And, as a result, they are entirely careless about it and many of them are indifferent to suffering. So that those laws are not enforced.

Where they have a well-organized State department operating a general relief program, as they have in New York State and one or two other places, they do a pretty good job of taking care of people; because they have State supervision of what the local authorities are doing. And I think they would do even a better job if they had Federal supervision of what the State authorities are doing.

RELIEF NOT A CAUSE OF MIGRATION

Mr. Curtis. Do you think there is anything to the statement that is sometimes made that a wide difference in the amount of relief provided causes people to migrate? Do people leave one point and go to another because of the possibility of more attractive relief?

Mr. Hoehler. No; I do not believe there is anything in that. I have argued it up and down the country. People who are on relief recognize the complete insecurity of the relief grant; they know that next year the appropriation of the city council or the county supervisors might not be made and they would be off of the relief rolls. And that is true in California and in New York, just as it is in Oklahoma or Arkansas. So people are not induced to move to California because the relief grants in California have reached $30 or $35 a month.

I went up and down the transient camps in California and talked to people in the camps, and the outstanding characteristic of those people was the desire for land. I do not think I talked to half a dozen men, in the hundreds I saw, who were not hungry for some land which they could work, hungry for an opportunity to earn their own living. They did not want relief; they did not come to California for relief. That is true of those on Highway 66 and is true of those I have seen in trucks leaving the Ozarks for the fields in Ohio and Michigan. They are out to get jobs and not to get the relief that Ohio and Michigan might give them.

AGRICULTURAL MIGRANTS IN ALASKA

Mr. Curtis. Now, the migration to Alaska, say, in the last 10 years, and to California and the Pacific Northwest, has been largely of people forced off of the land, has it not?

Mr. Hoehler. Yes.

Mr. Curtis. They are people with that sort of a background?

Mr. Hoehler. That is right.

Mr. Curtis. And that is what they want to adjust themselves to?

Mr. Hoehler. And a few small businessmen from the Dakotas moved into the Northwest, moved to Washington and Oregon and went out there to try their luck at raising crops on the land; but, for the most part, they were people who were forced off of the land and they were simply following the old trek that their neighbors followed years before.

California has advertised pretty extensively for migrant workers in the last decade, that is, the decade before this one, and still advertises. I have picked up advertisements from California and Arizona along the highways, and found them in railroad stations—those of farmers and farm organizations, advertising for men and women to come to California to work in the crops in the field.

Mr. Parsons. You do not think any appreciable number went there because of the climate, do you?

Mr. Hoehler. No; I say honestly they do not; because they go up to the Northwest, too, where the climate is not too encouraging, although it is better than it is in northern Michigan.

Mr. Curtis. There is another thing I would like to ask you, because you are——

Mr. Hoehler. Might I finish my answer to that question?

Mr. Curtis Yes; pardon me.

Mr. Hoehler. I would say when that man gets to be 50 or 60, or a little over, he might seek a little better climate; but these fellows I have seen on the road and in transient camps were 30 and 40. They looked to be 50 and 60, but they were out to get jobs, not sunshine.

Mr. Parsons. Do they have plenty of sunshine always in California?

Mr. Hoehler. They say they do.

Mr. Curtis. Do they withhold it from the unjust, or does it shine on the just and the unjust alike?

Mr. Hoehler. Well, you would think so if you got into some of those dismal camps; there is hardly any sunshine in them that gets through these bleak buildings where they live.

ALL STATES SEND MIGRANTS TO CALIFORNIA

The Chairman. It is a peculiar thing, but a Congressman asked me one day, "Where do you get all those people in California—homeseekers and different people?" I said, "From every State in the Union, but the most of them from your State, Congressman." So in California there are people from every State in the Union.

Mr. Hoehler. If we are not just making conversation, I would like to say it is true. I went out there with the idea they came from Oklahoma and Arkansas, but in one camp I found people from 23 States, and more than a handful from the State in which I have worked in public administration for nearly 15 or 20 years. They would come, some of them, to seek jobs, some of them to start small businesses, and some of them hoping, after they got out there, there would be another gold rush.

Mr. Curtis. It has been my observation, Mr. Hoehler, that each one of the 48 States is thoroughly convinced that their financial condition is the worst of them all. Is the American Public Welfare

Association in a position to furnish the committee with information as to the relative ability of the various States to deal with this problem of relief for their own citizens, as well as transients?

Mr. HOEHLER. I am afraid we cannot. I wish we could. We can give you the relative capacities, but I would not want to be put on the witness stand as an expert to testify that our information is correct; because some tax expert, somebody who knew more about land valuations than I do, could put me in a pretty hot spot. It is, however, Congressman, something that is needed in this country. If we are ever going to help people on a national basis, we have to have some knowledge of the capacity of the States to do that job themselves, and I am one of those fellows who believes we have to do it on a variable grant basis. We cannot give the same amount of money, the same percentage, to the richer States as we give to the poorer States; because it means there will be a considerable amount of disproportionate relief services and relief grants in the States where they need it most.

RELATIVE ABILITY OF STATES TO MATCH RELIEF FUNDS

Mr. CURTIS. Now, do you know of any group that is attacking that problem, trying to arrive at a formula or definite answer as to the relative ability of the States to match Federal funds or to provide funds of their own for the general problem of relief?

Mr. HOEHLER. No; because it is a big job and a costly job. I would say that maybe the Council of State Governments, as a part of their program, might be dealing in accumulating such information, but it may change in a short time. For instance, a southern State which today is considered a rather poor rural State may all of a sudden become an industrial State, because industry moves. If our market shifts from Europe to South America, it is entirely possible industries from New York and New England will move into Alabama, Louisiana, and Mississippi, so that there would be a shift in the set-up.

Any attempt to evaluate the capacity of States to provide for their own needy people would have to be a continuous job; you would have to re-evaluate every 4 or 5, or maybe every 10 years, as they do for the census; but it is a job which will take a lot of money and a lot of research, and should be done by the United States Treasury Department in cooperation with each of the States.

Mr. CURTIS. And we might be greatly surprised when it was accurately determined?

Mr. HOEHLER. I think you would. I think we all would, and I think those who think they know something about it would be more surprised than those who think they know the answers.

Mr. PARSONS. Would you suggest the registration of all transients?

Mr. HOEHLER. No, I would not.

Mr. CURTIS. Now, has this defense program aggravated or lessened the problem of moving people in interstate migration?

Mr. HOEHLER. It has aggravated it.

Mr. CURTIS. Has your association had any experience in any particular phase of this defense program?

WELFARE ASSOCIATION INVESTIGATES DEFENSE MIGRATION

Mr. HOEHLER. Yes. We saw this new defense program and the building of defense industries as a possible problem in the welfare field; so we sent some of our staff to visit a few of these communities. One little community which has a population at the present time of less than 900, had an influx of 8,000 to 10,000. Those people were living on the roadsides, or in the fire stations or police stations, or lock-ups—they were not police stations; you could not dignify them by that term—sleeping in all sorts of places, many of them in automobiles along the roadside. They came there to get jobs, because a particular company had advertised they had positions, and they are waiting there hoping those positions will materialize. And that is true in every community where there has been a large defense development and where there has been an Army concentration.

Mr. CURTIS. Could you furnish this committee with a copy of that report?

Mr. HOEHLER. We can give you several reports—our staff reports. They are field reports.

Mr. CURTIS. We would be glad to have as many as you can furnish.

Mr. HOEHLER. We will see that you get copies of all that information.[1]

EFFECT OF NATION-WIDE MIGRANT PROGRAM

Mr. CURTIS. Now, one more question: What would be the effect of a Nation-wide program for migrants? Would it tend to cause more migration, that is, would destitute persons tend to flock to States of their choice, or remain home; or would it be an inducement for them to return to their home? What is your opinion of that, generally?

Mr. HOEHLER. If we had a Federal relief program, so that there would be some degree of uniformity in the relief given in every State and some provision to keep men from starving between jobs, I think it would tend to stabilize our population and give the employment services an opportunity to locate people when a flow of industrial workers seems necessary. As I say in this paper, more adequate relief standards in each State would enable people out of work to stay at home, because there would be some provision for their care, and they could seek work in their home community, in the community where they know people and where they have a better opportunity to get a job, than in some community where they had no acquaintance at all. And in such a program there ought to be some provision for nonsettled people, so that the Federal Government would reimburse to a greater extent such provision for nonsettled people.

UPROOTED CITIZENS PREFER TO STAY HOME

Mr. CURTIS. Now that portion of destitute people who have been anchored at some place and have been dislocated—maybe the land resources have failed them; maybe a factory goes down, or something of that kind—almost universally their supreme desire is to get back home, is it not?

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[1] This material is held in committee's files.

Mr. HOEHLER. Always.

Mr. CURTIS. Where they have spent the most of their lives?

Mr. HOEHLER. Unless they find some sunshine or beautiful climate, where they would rather live.

Mr. CURTIS. I mean if they are still objects of relief.

Mr. HOEHLER. Oh, yes.

Mr. CURTIS. They want to get back into their old homes?

Mr. HOEHLER. Let me give you some examples. We made a study, spent 6 weeks with our staff in Grundy County, Tenn. Grundy County is a typical Appalachian county, a mining and lumbering community. The lumber has been cut off and the mines have been sealed. There are 11,000 people in that county, and 75 percent of them on relief. Most of them did not have enough money to buy an old automobile and get out and look for jobs, and those that did drift back as soon as the mines open up, as soon as there is an opportunity. Now the mines are opening up and they are working part time in one section of the county, and they have brought back some of the miners. They are anxious to come back to their home community, to the place where they have their roots and to the place where they own a little parcel of land, and they could operate that land if they had an opportunity to supplement their farm earnings by a job. And the most of them need it, because most of the land is barren and almost useless, and they need some kind of cash income to keep them alive.

Mr. CURTIS. Well, there is a group, and I do not know how large, who prefer to wander around. In years of prosperity they found jobs, but they worked in one place for a while and then worked some place else, and so on. It may be that we need that group, but my question at this time is, what percent of the so-called transients really prefer to become located and work out their future in some place where they can do so?

MIGRATION NOT PROMPTED BY WANDERLUST

Mr. HOEHLER. That is a difficult question to answer unless I had our records before me. Take, for example, the trip I took over the famous Highway 66: Most of the people that I talked to were people who would have stayed where they were that night, and would have located if there were any jobs for them.

As a matter of fact, the people in some of the roadside camps are out looking for jobs. They want work. They don't have the wanderlust. There is no encouragement to wander if you have to put all of your belongings on top of a Ford car, and camp at night along the road. They would rather stay at some place if they could get work. I do not know the percentage, but certainly, of those in the camps I saw in California, less than 25 percent were people of the regular migrant group needed in California. The rest of them were people who came in from the 23 States I saw represented in one camp. Wherever they could find some place in California where they could tie down to the land, the majority of them wanted to do that. They wanted to be on the land, with 2 acres or 10 acres, or enough to keep the family on, where they could make enough to live on.

Mr. CURTIS. From the experience you have had, and your vast knowledge of this situation, you have given this committee a valuable statement which we appreciate, because we are interested in the relief of these people as well as in some suggestions looking to a long-time program covering these things that would stabilize the population.

I have no further questions, Mr. Chairman.

SUGGESTS NEW SOCIAL SECURITY CATEGORY

The CHAIRMAN. I want to ask one question: Mr. Ryan, of the American Red Cross, made a very interesting statement to the committee the other day. He suggested that there be an additional category in the Social Security Act to cover this migrant problem. In other words, millions of them now are going from State to State, and they have no status whatever. They are homeless and they are Stateless, and they are kicked around in a way which, of course, endangers the morale of our people. In view of that, what would you suggest?

Mr. HOEHLER. I think I would go Mr. Ryan one better: I would say that there should be another category under the Social Security Board to provide for general relief for all people. In administering that category, the Federal Government might say to a State like California, or to any State that may have a large transient problem, "We will provide additional support for all nonsettled people"; or the Federal Government might provide 100 percent of the cost of the support of nonsettled people, with another percentage of the cost for the support of regular residents of the States.

Mr. SPARKMAN. Your recommendations are for an adequate general relief program with Federal participation through grants-in-aid to the States and Federal supervision of standards and methods of administration. Then you say there should be present at least two factors favorable to a solution of the migrant problem; first, more adequate relief standards in each State which would enable people out of work to stay home and seek work in the community where they have residence, and, second, special provision for care of the nonsettled person or of the migrant group needed for seasonal work. You say this provision would come only through a larger share in the cost of care for such unsettled people. Now, this is what I want to ask you: How would you provide for grants-in-aid to the States? Would you have them made on the same basis as now, or under the same social security provisions now made for the making of grants-in-aid to the States?

STATE AID ON BASIS OF NEED PROPOSED

Mr. HOEHLER. I would make them on the basis of need, so that the States where the greater need is indicated would have the greater share of support from the Federal Government. If we did that, I think the Federal Government could then encourage some of the poorer States to raise their standards of relief. Some of the States that participate in Federal funds for the aged and for dependent children, and so forth, make pretty miserable grants. They make miserable grants to the people who are participants in that program. The reason for such low grants is because the States claim, and I think that is true in many cases, that they do not have sufficient resources to provide their share. If there was a law providing for larger grants to the more needy States, or a larger share borne by the Federal Government, they would be enabled to have higher standards of assistance. That would be helpful to the morale and would be a powerful influence in any program for the national defense.

Mr. SPARKMAN. Of course, you know that the present Congress increased the amount of aid to $20 per month, but that was a futile gesture, because I think only one State was even allowing as much as $15, and that was the State of California.

Mr. HOEHLER. That is not the answer. The answer is for the Federal Government to raise its share.

Mr. CURTIS. Oftentimes local relief is classified or made up in several categories, and they would select the category which has the larger share of Federal money rather than one that is almost entirely made up from local funds. How would you prevent that sort of difficulty?

Mr. HOEHLER. I would prevent it by providing Federal assistance in all categories. In the long run, such a program would be less costly. The present difficulty is that the Federal Government takes care of the aged and takes care of children in homes where the mother has been widowed. One reason why people are unable to support themselves when they attain the age of 65 is that because for years they have been living in poverty. They have no encouragement socially, and the reason so many fathers die of tuberculosis is because of something else that was brought about by undernourishment and poverty. In the long run, a program for taking care of everybody who needs assistance from the State on some basis would cost the Government less money. We are now taking care of certain privileged groups under Work Projects Administration, and we are leaving millions of people out of consideration. Then, as those millions of people accumulate, the cost to the Federal Government, the State government, and the local governments, will greatly increase in years to come.

Mr. OSMERS. Has your association made any studies with reference to a comparison of the benefits of work relief with those of direct relief?

Mr. HOEHLER. We have, but I would not say that it is a profound one. It is the kind of study that we make when we go from place to place and get information from people. It is based upon information from people who have natural human prejudices about work relief and direct relief, but I think these studies compare favorably with other studies that have been made on the subject.

Mr. Osmers. In your opinion, does it form a solution of the problem?

Mr. Hoehler. I would rather give a man a job than relief, but you cannot give jobs to all men under Work Projects Administration. There are not enough projects to provide work for everybody. In the second place, many people who ask for relief are unemployable, and they are unfavorable because they have been living so long on the ragged edge of poverty that they have lost the normal or proper attitude toward work, and have lost the work capacity to stand up under any decent job.

UNFAVORABLE RELIEF CONDITIONS

Mr. Osmers. Have you made any comparison between the cost of work relief and the cost of direct relief?

Mr. Hoehler. In dollars and cents, work relief is more costly, because you have to provide a wage which is comparable to the job done, and you have got to provide materials. However, in the final analysis, I think work relief is cheaper because you have some investment from the work done, and you have more skill retained or work habits retained in the individuals who have done the job.

Mr. Osmers. One of the unfavorable conditions we have found within the borders of my own State has been the disparity between the amount of money received by a man for Work Projects Administration work, with 15 days' work per month, and the direct State and municipal relief which we pay, and which we make as large as we can, but that frequently runs down to the matter of groceries. The disparity has caused some difficulty, discontent, and dissatisfaction among the various groups.

Mr. Hoehler. Yes, sir; I know what that is. In 17 or 18 States, this disparity is from about $30 or $40 down to zero under the general relief program.

Mr. Osmers. The average in New Jersey, I think, is $25 that a family would receive for direct relief, and it would be about $55 for work relief.

Mr. Hoehler. You will find that differential among the States.

The Chairman. If there is nothing further, we thank you very much for your statement. Your prepared statement will appear in the record.

TESTIMONY OF HUBERT R. GALLAGHER, ASSISTANT DIRECTOR, COUNCIL OF STATE GOVERNMENTS, CHICAGO, ILL.

Mr. Parsons. Will you state your name, address, and the organization you represent, for the record?

Mr. Gallagher. My name is Hubert R. Gallagher, assistant director, Council of State Governments, 1313 Sixtieth Street, Chicago, Ill.

Mr. Parsons. The statement you have submitted will be inserted in the record at this point.

STATEMENT OF HUBERT R. GALLAGHER, ASSISTANT DIRECTOR, COUNCIL OF STATE GOVERNMENTS, CHICAGO, ILL.

Uniform Settlement Laws

This statement is directed especially to the experience which various States and their legislative commissions have had in handling the problem of transients and in seeking to unify their settlement laws.[1] Legislative commissions in cooperation with the Council of State Governments called a conference of some 21 States east of the Mississippi River which convened in Trenton, N. J., on March 6–7, 1936, for the purpose of considering problems having to do with transient relief and uniform settlement laws.

The principal reason for calling the conference was to consider the plight of some 275,000 transients who, having been deprived of Federal relief since September 1935 had been denied State public assistance by reason of the "strict, arbitrary, and motley technicalities of legal settlement." The Federal Emergency Relief Administration up until September 1935 had been spending $4,000,000 a month for their support, but since that time public indifference, intercommunity jealousies, and reprisals had left the transients to shift for themselves with resultant hardship and human suffering. The 1936 conference went on record, by unanimous adoption of resolutions, urging: First, that the Federal Government accept immediate responsibility for the relief and employment of transients, and that this relief and employment be made effective through permanent departments of State government and coordinate local units of administration with funds made available by the Federal Government on a grants-in-aid basis.

Second, that the several States be urged to liberalize their laws so as to make possible their cooperation with the Federal Government in the financing and administration of relief to transients on the proposed grants-in-aid principle; and

Third, that all efforts be made to bring about uniformity of legal-settlement laws between the several States, and that legislation be encouraged which would provide for reciprocal agreements between groups of two or more States for the purpose of bringing about uniformity of practice by agreement as between the cooperating States.

LEGISLATURES FAILED TO UNIFY SETTLEMENT LAWS

At the conclusion of the meeting a "Continuing Committee" of 15 was appointed composed of representatives of a majority of the States at the conference. As a member, and later as secretary of this committee, I had an opportunity to become acquainted with the problem during the next 2 years. The committee participated in national conferences held by the American Public Welfare Association and the Council of State Governments in Washington, and in the Midwest Transient Conference held in Minnesota. Thus considerable public attention was called to the problem, State legislatures memorialized Congress, but when it came to lowering residence requirements the legislators sat on their hands. There was always some reason why the settlement laws shouldn't be uniform. In fact, by calling so much attention to the problem, members of the committee actually became fearful that State legislatures would look around and decide maybe if some States had 5-year settlement laws, why shouldn't they? Even New Jersey found some reason for retaining its 5-year period, and during this period Colorado, Delaware, Illinois, Indiana, Kansas, Minnesota, and Pennsylvania tightened their requirements.

RECIPROCAL SETTLEMENT AGREEMENTS ADOPTED

In 1937 the committee continued its work and was responsible for the adoption of an enabling act by some of the eastern legislatures (New York,

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[1] Settlement laws have a twofold purpose: First, that of setting up qualifications or conditions of eligibility for public assistance; and second, the fixing of responsibility for such public assistance upon the locality wherein there has been a compliance with the qualifications.

Rhode Island, Vermont) which authorized "Reciprocal Agreements" providing for the acceptance, transfer, and support of persons receiving public aid in other States.

During the same year the General Assembly of the Council of State Governments at which 250 representatives from 46 States and the District of Columbia were in attendance unanimously urged:

(1) That uniform settlement laws be enacted providing for:

(*a*) A period of 1 year's residence as a requirement for gaining settlement.

(*b*) A provision for the retaining of settlement in one State until a new one is acquired in another.

(*c*) Relief and service to unsettled persons in accordance with the local standards of relief, wherever they may be found in need, and until such time as the necessary investigations regarding settlement are completed.

(*d*) Vesting in the State department of public welfare the power to determine the final decision as to the retention of an unsettled person in the State or the return of such person to his place of legal residence.

(*e*) Authorization of State departments of public welfare or the corresponding agency to reimburse the local units for the costs of relief and service given to the person without legal settlement.

(*f*) Authorization of State departments of public welfare or the corresponding agency to provide relief and service for transients—interstate and intrastate—as an integral part of the general relief and service department.

(2) That the Third General Assembly recommend the adoption of the Uniform Transfer of Dependents Act, and urge the application of the principle of reciprocal agreements between groups of two or more States having adequate laws to encourage uniformity of practice between the cooperating States.

(3) That the Third General Assembly urge the Congress of the United States to develop the necessary legislation and make appropriations to take care of the problems of the transient, the needy stranded migratory laborer, and other unsettled persons through grants-in-aid to the States on the basis of certain basic requirements.

At the end of 1937, some 16 States required more than a year's residence for settlement. Some progress has been made since that time, but not much.

INTERSTATE COMPACTS PROPOSED

It is true that several of the States have passed the Uniform Transfer of Dependents Act, providing for administrative agreements for the benefit of transients unable to receive aid because of "nonsettlement," but due to the diversity of their settlement requirements, few States have carried out any reciprocal agreements under the authority of this type of enabling act.

Such agreements depend, as has already been pointed out, on uniformity of State settlement laws. The States should look to the time when they would agree to act as agents for any other State in administering assistance where the two States concerned may agree that it is to the advantage of the person receiving public assistance to receive such assistance in a State other than the one providing the funds therefor. It has also been proposed that this problem might be resolved through the adoption by the States of a simple interstate compact which would provide that no person shall lose a settlement in the State of his origin until he has gained one somewhere else, and that no person shall gain a settlement in the State of his destination within a shorter period or under lesser circumstances than a resident from that State of destination would have required to gain a settlement in the State from which the first transient migrated.

FEDERAL COOPERATION ADVISED

After careful consideration of the problem it is my conviction that the transient, the commuting worker, can best be handled through the cooperation of the Federal Government. With settlement laws in such a chaotic state, few States are equipped financially or administratively to aid with relief of transients; as a result transients are shuttled back and forth from place to place. Localities are not willing to assume the burden, nor do the States have the financial resources to provide assistance. Transients thus have no legal settlement. Transfers from State to State are frequently impossible because the States have no authority to make the transfer and the locality will not assume the burden; thus those who might work elsewhere are held back by fear of losing settlement.

Reports of commissions affiliated with the Council of State Government have pointed out that a Federal grant-in-aid program would assist the States financially and bring about a measure of order out of this present diversity of settlement-law requirements. The administration and supervision of local programs of transient relief should be left to the States within a Federal framework. The States could be made to realize their responsibility for the transient and could be aided in carrying out this assistance on a more adequate and uniform basis. The conditions for grants-in-aid might include provisions for: A 1-year settlement law; a provision for the maintenance of settlement in the localities for material and service relief until legal settlement is acquired; a provision that final questions of settlement should be decided by the State department of welfare; and provisions for the transfer and assistance of indigent persons, and for adequate standards of uniformity. The transient program, of course, will not succeed unless there is a larger general Federal program of relief with grants-in-aid to the States.

With such a program, the States would be in a position to bring about adequate transient relief and greater uniformity of settlement laws more effectively and in less time than could the States acting individually and separately.

TESTIMONY OF HUBERT R. GALLAGHER—Resumed

Mr. Parsons. We thank you for your statement. I think it is a very interesting document. I want to ask you a few questions in connection with your statement. I have been somewhat familiar with the Council of State Governments for a good many years, and I think the council is doing an excellent piece of work.

TREND AWAY FROM UNIFORM SETTLEMENT

In connection with the recommendations that the assembly made in 1937, with reference to uniform settlement laws, what would you say has been the trend in the various States during the last few years in that direction?

Mr. Gallagher. I would say that the trend, instead of being in the direction of uniformity, has been the other way. At the time of the general assembling in 1937, there were about 20 States that had 1-year settlement laws, and since that time I think that the number of States, instead of coming down to 1-year settlement laws, has gone up. We have found that a number of States are raising their settlement laws from 1 year to 3 years and 5 years. At the general assemblage held at Trenton, N. J., delegations from 26 States were in attendance. This conference also recommended uniform settlement laws, and at the time a continuing committee was set up by the States conference. I was a member of that committee and was made secretary of it. We did everything we could to work for the passage of uniform settlement laws in the States. I thus had an opportunity to become acquainted with the problem during the next 2 years. The committee participated in national conferences held by the American Public Welfare Association and the Council of State Governments in Washington and in the Midwest Transient Conference held in Minnesota. Considerable attention was called to the problem, and State legislatures memorialized Congress on the subject, but when it came to the lowering of residence requirements the legislators sat on their hands, and there was always some reason given why the settlement laws should not be uniform. In fact, by calling so much attention to the problem, the members of the committee became fearful that, instead of promoting uniformity, there would be greater variation in the laws on the subject of settlement. In other words, some State might decide to have a 5-year settlement law because some other State had it.

Mr. PARSONS. You are a resident of the State of Illinois?

Mr. GALLAGHER. Yes, sir.

STATES RAISE SETTLEMENT REQUIREMENTS

Mr. PARSONS. Illinois raised its settlement period from 3 to 5 years. Do you recall the reason given for the legislature taking such action?

Mr. GALLAGHER. No, sir; I do not. I presume it might be due to the fact that other States had provided such a period of residence. At the same time Florida, Delaware, Indiana, Kansas, and Pennsylvania changed their periods from 1 to 3 or 5 years.

Mr. PARSONS. I questioned Mr. Neil R. Jacoby, chairman of the Illinois Emergency Relief Administration, with reference to that point at the time of our hearings in Illinois, and I found out that neither the commissioner, the Governor, nor the mayor of Chicago had made any such recommendation.

But in some way the members of the State legislature got the idea that, because Illinois was paying quite a substantial amount for relief, many transients were coming into the State for the purpose of obtaining relief. They had the idea that they were coming there from other States. Now, do you think that the legislatures of other States have raised their settlement law requirements for the reason that they believe they have been enticing these migrants to come into those States?

Mr. GALLAGHER. I think that is probably true. I know that our conference brought out that fact as to some. That was the reason in the case of Pennsylvania, and I dare say it was the same in the case of Delaware.

Mr. PARSONS. We have had this question up at every place where we have conducted hearings. We have found one school of thought that favored the abolition of settlement laws, while another school of thought was in favor of uniform laws. Now, what would be your objection to the elimination of settlement laws entirely?

Mr. GALLAGHER. Personally, I would have no objection to that. I have not heard that suggestion made at the conferences that have been held, and we are still working for uniform laws. We have tried memorializing the legislatures, and the Conference has been in favor of a uniform 1-year settlement law, but it has met with no success in that. Then we tried proposing a uniform reciprocal agreement, trying to achieve some agreement among the States on that basis, but we did not get very far with that. In fact, only three States have passed enabling legislation for that—New York, Rhode Island, and, I think, Vermont, were the States.

INTERSTATE COMPACTS ON SETTLEMENT

Then, we come to the recent conference proposal of a simple interstate compact which would provide that no person shall lose a settlement in the State of his origin until he has gained one somewhere else, and that no person shall gain a settlement in the State of his destination within a shorter period or under lesser circumstances than a resident from that State or destination would have required to gain a settlement in the State from which the transient first migrated. Of course, this interstate compact, even if it had the approval of State legislatures, would have to be drafted. It would have to go back to the legislatures of the several States to be ratified, and then you would have to get the consent of Congress. That process might take anywhere from 3 to 5 years.

Mr. Parsons. What would be your recommendation as to the length of time required for settlement?

Mr. Gallagher. I think it should be 1 year.

Mr. Parsons. You state there in the resolution that you are reading from that a citizen would still be a citizen of the State of his origin until he had acquired citizenship in another State, or after 1 year's residence or, at least, that he should retain his citizenship in his State of origin until he had lived a sufficient time to acquire settlement in the State of his destination?

Mr. Gallagher. Yes, sir.

Mr. Parsons. Do you think that the States will ever initiate this sort of program themselves?

Mr. Gallagher. Well, it is a difficult problem, and we have been working at it for many years.

Mr. Parsons. You have been working at it for how many years?

Mr. Gallagher. I would say certainly for 5 years. We feel that we have achieved less success in this program than in any we have undertaken.

Mr. Parsons. Of course, Congress cannot fix the settlement laws of the various States unless we have a Federal-aid program. Then we might set up certain qualifications that the States must observe in order to obtain the grants-in-aid. We might do it in that way.

Mr. Gallagher. I think that probably should be done.

ADVOCATES STATE TRANSIENT RELIEF ADMINISTRATION

Mr. Parsons. In your statement you advocate that the administration of the provision for transient relief should be left in the States. Do you think that a federally administered program would be feasible?

Mr. Gallagher. On the basis of my attendance at the conferences, especially the relief conference held during this year, I would say that a federally administered program probably would not work, because you would have confusion and duplication of administration in the States. I think you would find that the States would fight such a program. I found that at almost all of the conferences the State authorities felt that they should have the administration and supervision of it. I think they agreed that probably Federal standards were necessary, and I think that qualification should be made. Personally, I would recommend Federal standards of administration and supervision.

Mr. Parsons. Leaving to the local authorities of the States the administration of it?

Mr. Gallagher. Yes, sir. I think that they would be better qualified in the local organizations. I think that many of these people would go out and get jobs provided you had a proper transient system.

Mr. Parsons. Are you familiar with our system in Illinois for the administration of direct relief?

Mr. Gallagher. I am not qualified to speak on that subject, but I know generally how it has worked.

Mr. Parsons. They have anywhere from 1,400 to 1,500 Government agencies administering direct relief within the State of Illinois. In the county there is only 1 unit head, but in a county in which you have county township organizations, and where there are perhaps 20 townships in the county, you have 20 different agencies handling relief. That is a very costly process. Now, you make the statement here in your paper that you think it is necessary for the Federal Government to step into this picture of relief, and that a great deal of administrative cost could be eliminated if, with the present system of the various States of the Union, the Federal Government should set up certain standards. That is, it would not actually administer the relief itself, but would rather keep in touch with it, or have a veto power. It would have a veto over the action of others, rather than supervise the work itself. Upon what idea do you think that the Federal Government should participate in the direct relief system of the States?

Mr. Gallagher. I think there should be a general Federal program of relief, and that it should be on the grants-in-aid basis. I think that you should have Federal standards of administration. I think that such a program would work well. Of course, the transient would be taken care of under a general Federal program.

Mr. Parsons. Would you have the Federal Government grant additional aid because of transients within a State, basing it upon numbers or need?

Mr. Gallagher. I do not feel qualified to make a statement on that. I think the transient should be handled the same way as any other recipients of relief. Otherwise, I am afraid that you will have competition between the States, and you will get back to the situation that has caused the problem.

Mr. Parsons. If we eliminated the settlement laws, with the Federal Government participating in the program, in all the States where transients might happen to be, do not you think that we might happen to have considerable numbers of people who would get ready to see America first in order to obtain relief as transients?

Mr. Gallagher. If you had a general program of relief, you would have uniform standards applying throughout the country, and I do not think that would be any incentive to travel around the country, or to see America first. If there were a reserve of funds to afford sufficient relief, or to give work that would help to take care of it, there would be no need for him to become a transient. He would have more opportunity to work or opportunity to obtain work in his own locality. I realize that there is seasonal work, and that they must keep moving around. That is where the worker is needed to work in harvesting fruits, vegetables, and so forth, and I think the worker should be permitted to travel in those areas.

Mr. PARSONS. What percentage of the cost of direct relief of transients should be borne by the Federal Government if we should have a Federal program along that line?

Mr. GALLAGHER. Of course that would be up to Congress.

Mr. PARSONS. What should that be, in your opinion?

Mr. GALLAGHER. I think 50–50 might work.

Mr. PARSONS. The same as is provided for in the present social-security law?

Mr. GALLAGHER. Yes, I think that probably would work. You might try variable grants, although there you might get into a great deal of difficulty with competition between States. The larger States always object to the variable-grant program.

STATES SHOULD SHARE IN TRANSIENT RELIEF

I think the States themselves should share in this program, and I think some consideration should be given by the Congress to the returns from taxation within the States.

For instance, during the past year State tax revenues have increased 7 percent over last year, and they have increased 9 percent over 1937. Congress might take that into consideration in working out a grants-in-aid basis. If State taxes are bringing in considerable money States would be better able to pay for their share of relief.

Mr. PARSONS. You have given a great deal of thought to the study of governments. What agency of the Federal Government should this administrative work be lodged in, if we favored and provided for a Federal-aid program?

Mr. GALLAGHER. It was not the unanimous opinion of the conferences, but it was agreed to by a number of delegates that possibly another category should be added to the social-security program, that this general relief program might be number 4 in the social-security set-up. I think that would be satisfactory.

Mr. PARSONS. Do you think we will ever have all of our people back in private employment again, the old, the young, and the middle aged?

Mr. GALLAGHER. I think we will get fairly close to it, but you will always have a certain number of unemployables whom you cannot find work for.

But it is my personal opinion that if this defense program moves along there will be employment for almost every one.

MACHINERY DISPLACES EMPLOYMENT

Mr. PARSONS. Of course, this problem has become quite acute, first, because of the depression beginning in 1929, when agriculture had been depressed ever since 1920. But labor displacing machinery has also played a part in the unemployment problem, has it not?

Mr. Gallagher. That is certainly true.

Mr. Parsons. I saw an article not long ago, a study of unemployment and machines, which stated that in the last 10 years, since the depression started, machinery had displaced, on an average, on the farms and in industry, 31.2 percent of the former employees.

There is more production of any and every kind in America today than there ever has been at any time, except during the other World War days, and yet we have millions of people still unemployed. With the trend still in the direction of labor-displacing machinery, can we ever expect to put all of our people to work in private industry or private employment?

Mr. Gallagher. Perhaps not, and certainly not during ordinary times. That would only be possible in the case of a tremendous defense program, and even then it may be doubted if that would put everyone to work.

Mr. Parsons. You think then that this problem is at least, in part, a national problem?

Mr. Gallagher. Yes, indeed; I certainly do.

Mr. Parsons. All of the destitute migrants did not have their origin in the Dust Bowl?

Mr. Gallagher. No.

Mr. Parsons. They have been found in every large town and community in the country?

Mr. Gallagher. Indeed they have.

COST OF FEDERAL PARTICIPATION

Mr. Parsons. Have you ever thought about how much money it might take for the Federal Government to participate in such a program?

Mr. Gallagher. I realize it would be considerable. I have heard the statement made that it might cost at least $500,000,000. I have no facts or figures to back that up, but I have heard that statement made.

The Chairman. Concerning your reference to the 50–50 matching proposition in relation to the migration problem, this thought has occurred to me—and, of course, we are expressing no opinion one way or the other, until we file our final report, but we do have some ideas about this subject—for instance, during the last 5 years, 895,000 people have gone to California, my State, and 493,000 are destitute migrants. Suppose the 50–50 proposition were in effect. California is the only State in the Union which matched the old-age pension payment of $15, and the State is in debt. If the State had to also provide the money for matching the payments to transients or migrants, it probably would be unable to do it now.

Take the State of Mississippi, for instance. It seems that the payment of $2.25 for old-age assistance grants is the best that State can do. I think you see what I am trying to get at.

Mr. Gallagher. It would work a hardship on California, probably.

The Chairman. Yes, but all the States are pressed now. As indicative of that fact, none of them, outside of California, can come up to the $15 mark. I wanted to get that in the record as a statement or fact, because it shows what the situation is.

Mr. PARSONS. I want to correct the record in reference to that matter, Mr. Chairman. Illinois has raised its pension amount to $40, but it is not paying a uniform rate to every recipient, and I doubt if California is.

STATES CLAIM FINANCIAL INABILITY

Mr. CURTIS. Will the Chairman yield to me for a moment?

The CHAIRMAN. Certainly.

Mr. CURTIS. I would like to ask the witness this question: Does it follow from the fact that Mississippi pays only $2.25 a month to an aged person and California pays $20 indicate a relative ability to raise the money? Do you think it does?

Mr. GALLAGHER. Personally, I think Mississippi ought to pay more, but I think probably relative ability would be figured on the per capita income of the people of the State, and I would say probably on that basis California would be in a better position to pay it than Mississippi would, but whether it is on the basis of $15 to $1, I do not know, but I doubt if it is. I think that probably the Mississippi amount is way too low.

Mr. CURTIS. As I stated, in asking the previous witness a question, all of these States contend that, financially, each is worse off than any of the other 47. But my observation on this point has been that as to the States paying a small amount, it necessarily follows that that is the measure of their ability.

Mr. GALLAGHER. I think that is correct.

Mr. CURTIS. I think probably the sentiment and the standards of the people have been the controlling factors in the States which pay a high amount, as well as in the States that pay a low amount.

Mr. GALLAGHER. I think that is true. That is why you have this competition of people going on relief in States that pay more.

EMPLOYMENT FOR ALL IMPOSSIBLE

The CHAIRMAN. In reference to a question asked here by Mr. Parsons, as to whether you think the time will come when people will all be employed in private industry, of course I doubt, myself, that we will ever reach that point.

I might call your attention, in that connection, to some figures released by some insurance companies the other day. I do not recall which insurance companies they were, but they were very interesting to me.

They made a survey—I forget how many insurance companies there were—but they found, taking policy holders at the age of 25 years—this is the general average—that when they reached the age of 64, out of 100 policyholders, 54 were dead, 36 were living on public or private charity, or with their relatives, and 5 were employed, 4 were well-to-do, and one was rich. In my opinion, those are very startling figures.

I guess that probably when we understand those figures we can do better with the migrant problem than we are doing now.

We thank you very much for your statement.

TESTIMONY OF RT. REV. JOHN A. RYAN, D. D., REPRESENTING THE NATIONAL CATHOLIC WELFARE CONFERENCE, WASHINGTON, D. C.

The CHAIRMAN. The next witness is Msgr. John A. Ryan.

You are here, Monsignor, representing the National Catholic Welfare Conference?

Monsignor RYAN. Yes, sir.

The CHAIRMAN. I want to say to you, Monsignor, that this committee, after the resolution passed the House of Representatives—and this will show you that we considered this was a national problem—started in New York, with our hearings, where Mayor LaGuardia was our first witness. He agreed, as I recall, that it is a national problem.

Then we went to Montgomery, Ala.; then to Chicago; then to Lincoln, Nebr.; Oklahoma City; and San Francisco and Los Angeles, Calif.

We think we have aroused this Nation to the seriousness of this problem.

I want to say to you also, Monsignor, that this committee, although composed of Republicans and Democrats, has never considered this a political question. I am very proud of this committee and the ability the members have shown in the consideration of this subject.

The committee has received your prepared statement and it will be placed in the record at this point.

(The statement is as follows:)

STATEMENT BY RT. REV. JOHN A. RYAN, D. D.

I am here at the request of and in place of the Right Reverend Monsignor Michael J. Ready, general secretary of National Catholic Welfare Conference, who was formally invited to testify before this committee. The members of Congress who are responsible for creating the committee and the members of the committee itself deserve the very highest praise for this initial endeavor to grapple with one of the most urgent and difficult social and economic problems confronting the American people.

Three preliminary propositions may be laid down with considerable confidence: First, migrancy cannot be abolished as an institution, for there will always be a large number of persons, mostly young and unmarried, desiring to leave home and seek other occupations and places of abode.

Second, no attempt should be made by law directly and specifically to hinder the migration of anyone for any reason, so long as America remains America.

Third, destitute migrants should obtain assistance in adequate measure, either in the form of direct relief or work relief.

PROPOSES JOINT FEDERAL-STATE AID

The foregoing provision should be made jointly by the Federal Government and the State in which the needy migrants are temporary sojourners, with the greater part coming from the Federal Government. In principle, this arrangement is relatively simple, even though the administrative difficulties may be complex. However, they are not insurmountable, for essentially the same situation confronted the Federal Emergency Relief Administration, the Resettlement

Administration, and the Farm Security Administration. Whether the relief to migrants should be administered by the Work Projects Administration or by a new Federal agency set up for this specific purpose is a question which we do not need to consider here.

The observations just made obviously deal only with a temporary situation. They suggest no permanent remedy, nor do they offer anything by way of abolition or prevention. Yet, abolition of the conditions which are responsible for destitute migrants and prevention of the recurrence of these conditions should be the main concern of this committee. On this point, I would make the following suggestions.

First a part of the problem will be solved through the gradual improvement in business conditions and employment which is now under way. Wherever this occurs the number of those likely to migrate into another State will be reduced. And this development will be helpful both to the heads of families and to single persons. As a matter of policy, therefore, consistent and continuous efforts should be directed toward the increase of employment in private industry.

PERMANENT REMEDIES SUGGESTED

However, even this proposal falls under the head of temporary and partial remedies. Really permanent remedies refer particularly to the farm dwellers who have been displaced by Dust Bowl phenomena and other factors. Here, the requisite measures are threefold: Rehabilitation loans, loans for ownership, and measures which favor the operators of small farms. With regard to rehabilitation loans, we have already seen a good beginning. And the results are very encouraging. A recent survey of 360,000 active rehabilitation borrowers thus described their status in 1939 as compared with their condition the year before they obtained their loans:

"Whereas, the year before the loans were made the net income of the borrowing families was $375.42, their average net income in 1939, the year of the survey, was $538.40. That represents an increase of 43 percent. Again, whereas, their net worth or capital, over and above all debts, was $884.49 per family before their loans were made, it stood at $1,114.91 the year of the survey. That is an increase of 26 percent and means that, taken together, these families added a total of $83,000,000 to the wealth of their communities." (The Rural South: Problem or Prospect, Rev. Edgar Schmiedeler, O. S. B., p. 21.)

Obviously, this beneficent provision could and should be extended indefinitely. Before he left the Farm Security Administration, Dr. Will Alexander declared that half a million applicants for rehabilitation loans had to be refused for want of funds, and that these, or a great proportion of them, had joined the grand army of migrants.

Concerning provisions for enabling tenants to become owners, their inadequacy is equally striking. Farm owners are becoming tenants at the rate of 40,000 per year, while the $50,000,000 annual appropriation is insufficient to offset more than a fraction of this addition to the number of our tenant farmers. An appropriation of $1,000,000,000 a year for rehabilitation loans and ownership loans would not be excessive if that amount could be efficiently dispensed by the Farm Security Administration.

LARGE FARMS VERSUS SMALL FARMS

Finally, we come to the question of large versus small farms. This is the most difficult problem of all, inasmuch as its solution involves a drastic change in fundamental policies. This committee has heard a great deal of testimony concerning the displacement of small farmers through the mechanization of the farm industry. I cite only one witness, Gladys Talbott Edwards, education director of the Farmers Union: "In the mechanization of farms, more than a million and a half workers have been displaced who can never again find work on the land." How can this process be arrested? One method would be to withdraw Agricultural Adjustment Administration benefits from any farmer who cultivates or operates more than 500 acres of land. Second, and perhaps even more important would be a supertax on large land holdings, say those which exceed 1,000 acres. Compel landowners who are possessed of more than this amount to pay a progressive tax which will render larger holdings unprofitable.

Twenty-five years ago, I recommended such a supertax in my book Distributive Justice. At that time I was not thinking of the migrant problem, for it had not yet become formidable, nor of anything else except the general desirability of a better distribution of the resources of America. In the light of developments since 1915, I repeat that recommendation with greater emphasis. As a student of economics for almost half a century, I have come to appreciate the meaning and value of "efficiency." As a general rule, I believe that we should not discard or refuse to adopt any invention, device, or method which increases production with a smaller amount of labor. Nevertheless, the supreme end of all technical improvements should be the welfare of human beings. If the farm tractor and harvesting combine or any other technical improvement means less debilitating labor or a greater net amount of material benefits to human beings, it is desirable to that extent. On the other hand, if any such change merely reduces the cost of production while it increases the number of persons who are unable to live decently this so-called technical progress is not genuine progress.

By way of summary, I desire to quote here, with complete approval, the chief recommendations made to your committee, as stated in Facts for Farmers, for December 1940:

1. Limit Agricultural Adjustment Administration benefits to a family-sized economic unit.
2. Enact a graduated land tax.
3. Raise farm prices.
4. Enlarge the program of the Farm Security Administration.
5. Increase the tenant purchase program.
6. Lengthen the term of tenant leases.
7. Include migratory families in social legislation.
8. Refinance and scale down the farm-mortgage debt.
9. Establish a farm-placement service.

TESTIMONY OF RT. REV. JOHN A. RYAN, D. D.—Resumed

The CHAIRMAN. Mr. Osmers will ask you some questions, and the other members of the committee will follow him, as they may desire.

Mr. OSMERS. Monsignor, I want to say that I received a copy of your prepared statement, and I wonder if you would, in your own words, give to the committee the important points contained in that statement.

Monsignor RYAN. Yes; I shall try to do that, briefly.

I observed, in the letter which was sent to Monsignor Ready, general secretary of the National Catholic Welfare Conference, inviting him or someone he would designate, to take part in this hearing, a statement to the effect that the theme of the hearing today would be that of settlement. I have not dealt with it specifically in my prepared statement.

Mr. OSMERS. I would rather, with the concurrence of the chairman, that you not necessarily confine yourself to the subject of settlement.

MIGRANCY A CONTINUING PROBLEM

Monsignor RYAN. I would like, if you will permit me, to make two observations on settlement.

The proposals I recommend have to do almost entirely with the farm migrants, and the proposal relative to rehabilitation loans, plus other facilities which enable tenants to become owners. These are long-distance settlement proposals, they will not go into effect next week or next year. But I think they are fundamental.

There is one observation I would like to make regarding the important problem of settlement. The other day, at Trinity College, I mentioned to my class that I was coming here today, and I said it was a continuing problem, and I will not say anything that has not been said before.

One of the students said, "What about camps for these migrants?" Maybe I was a bit hasty, but I thought of concentration camps immediately. I said, "No, we are not going to force anybody to go into a camp and stay there, except as a last resort; but camps for those who are in particular need, where they can be induced to go in, where the conditions are good, and with no compulsion."

That is all I would say about the important matter of settlement.

WOULD INCREASE REHABILITATION LOANS

The main points in my prepared statement are, first, that there should be a great extension and enlargement of rehabilitation loans to those persons who are tenants, or perhaps owners, but who need immediate assistance to enable them to operate their farms.

In the second place, there should be a much greater appropriation in the interest of ownership, enabling tenants to become owners.

The third point is the restriction of the triple A benefits to farmers whose farms are below a certain acreage. I have said it should be 500 acres, and that those who own more than 500 acres should not get the triple-A benefits.

The fourth point, which is a very long-distance one, is that there should be a supertax on large landholdings. Apparently the large landholdings have come to be connected with the use of machinery, and the use of machinery has dislodged a great many farmers. That ought to be prevented somehow, notwithstanding our interest in efficiency.

Many years ago I heard Justice Brandeis, long before he was on the bench, in a lecture in Minneapolis on monopoly, in which he said, "I hope we shall never become a Nation of hired men." That is what our farm population is becoming, to a great extent—a Nation of hired men—and that is bad business.

I think that summarizes what I have to say.

Mr. OSMERS. We have, of course, two aspects of this problem. One is that, as a Government, we have the immediate problem of relieving these people and providing them with food, clothing, and shelter. Then we have the long-term problem of endeavoring to find places for them in our economy where they would be able to earn their own way.

I am happy to notice that your recommendations are directed principally toward a long-term solution of the problem. I think that, as a Government, that is where our greatest efforts should be placed.

We have, of course, a great many different relief set-ups that are cumbersome and do not, in all instances, work.

I was very much interested in your remarks as to the restriction of these triple-A payments. The question came before us several days ago when we had some of the men from the Department of Agriculture here. They expressed their veiws on that subject, and I would like to have your opinion on it.

They said that if payments were not available to the very large farms, the so-called industrialized, or corporate, farms, they would fail to observe the crop restrictions that go with the triple-A program, and therebv lower farm prices, to the detriment of everybody engaged in agriculture. Would you say that is a likely happening?

Monsignor Ryan. I do not know about that, but I do not see how, right now, that that would happen to any significant extent, certainly not to the extent that would wipe out the benfits. The benfits seem to be pretty obvious, from what has been said by a good many persons as to the relation between these payments to farm operators and the displacement of the small man.

I do not pretend to understand how it works, but it seems that that is the fact. I do not believe the increase in production and the taking off of these restrictions on their acreage by the large farmers would completely offset the benefits of which I speak.

But I am not an expert.

RURAL MIGRATION IMPORTANT PROBLEM

Mr. O'Smers. I notice in your prepared statement you devote yourself rather exclusively to the question of rural migration. Do you regard the urban migration problem as a serious one, or do you feel that urban migration is not as great as the other?

Monsignor Ryan. I think now the importance of the rural problem is much greater than the other. The other, like the poor, we always have with use. We always have the problem of those who leave the farms and go to the city, and migrants from the city to the country, and that problem is not usually a great one. It was serious in the first years of the depression. No doubt a great number did go from the cities to the farms. But as soon as business picks up that trend ceases.

If we are headed now for something like full employment within a year, then I think the question of urban persons going to farms will not be of any great importance.

Mr. Osmers. Do you look for an increase or a decrease in migration?

Monsignor Ryan. Well, it mainly depends upon the degree to which business will pick up, and something like full employment be secured. If that occurs, the problem of migrants, both rural and urban, will be considerably diminished, for various reasons. I do not think there is any question about that.

RURAL AID NOT AFFECTING URBAN MIGRANTS

Mr. Osmers. If a program such as you have outlined in your prepared statement is put into effect, do you feel that there will be decreased migration from the cities to the land, particularly on the part of people who live a marginal existence in the cities today?

Monseigneur Ryan. I do not think so. What I am talking about is rehabilitation loans for those who are farmers, and ownership for those who are tenants. To whatever extent that is realized, it will not help the urban person who wants to go to the farm very much, except if there was general prosperity on the farms there would be more opportunity for workers there and employees on the farms. But directly, I do not think the proposal I make for rural migrants would affect the situation of those going to the cities.

All of my life I have been acquainted with persons going from the farms to the cities. I recall, perhaps before some of you gentlemen were born, that the parish priest—I grew up on a farm in Minnesota—protested against the young people going to the city. That had just about started. We were only about 20 miles from St. Paul, and it was pretty easy to go to the city. They said then that if we wanted to go to the city we wanted to see the electric lights. There have been a great many more attractive things provided now than electric lights. That sort of thing has been going on all the time, and I do not know any way to stop it. I do not know that there is any way to stop it, certainly not by legal compulsion.

Mr. Osmers. I think the only way to stop it would be to make the rural areas more attractive places in which to live. I think the American rural youth is rather interested in taking a fling at the cities and always will be.

In your statement you recommend that increased farm prices would tend to greatly improve the situation. I realize that that is a very large order. What machinery would you suggest to increase prices?

Monsignor Ryan. I just included that proposal among the other proposals. I could not answer that question comprehensively.

I think the Agricultural Adjustment Administration has been, to a limited extent, perhaps successful in the measures it has put into operation to raise farm prices. That farm prices should be raised, I think nobody doubts. As to the method of doing it, the Agricultural Adjustment Administration has done something about it.

If we had general prosperity, I think the question of farm prices would be largely solved because people in the cities would have more buying power. I tie a great deal of that up with the question of full employment and full production.

Mr. Osmers. In regard to the question of full production, Monsignor, would you say that in our effort to raise prices we have been too restrictive with respect to production?

Monsignor Ryan. I do not think so.

Mr. Osmers. Would you say we have overproduced or underconsumed?

Monsignor Ryan. We have underconsumed.

SUPERTAX FOR LARGE FARM OWNERS

Mr. Osmers. I have just two more points I want to ask you about. I would like to go into the suggestion as to a supertax for a moment, that is a supertax on the large owners.

Would you say that there was a little philosophy of the single tax in that?

Monsignor **Ryan**. Well, a little; yes. As a matter of fact, I put that in a textbook I referred to, in the chapter where I discussed the single tax. It was one remedy which I thought was better than the single tax, because I am not a single-taxer.

I had read a part of Henry George's book when I was 14 years of age, and I have a lot of sympathy with it. They have some fairly good ideas, but as to the whole program—no.

Mr. **Osmers**. One more question: I would like to have your opinion on the effect of world peace on America's economy and, of course, its effect on the migrant problem.

Monsignor **Ryan**. World peace would certainly be helpful, but how helpful no one can say now, because we do not know what kind of a peace is going to come.

Certainly war has disturbed our economic relations with other countries very considerably, and to a great extent harmfully, although our exports, because of war demands, are greater than a year ago.

But any peace arrangement that is applicable would be helpful to every economic problem we have and would help solve every economic problem we have here, partly and gradually, at any rate. It certainly would be preferable to what we have now.

DEFENSE PROGRAM INCREASES MIGRATION

Mr. **Osmers**. Do you feel, Monsignor, that peace, or an end of our domestic defense program, would greatly upset our economy for a while and cause the greatest migration ever seen in this country?

We are now building defense plants, powder plants, and other plants far out in the hills and far removed from any other source of income, and, if peace should come, all those people would have to migrate, because in some of those locations there is no agriculture and no other industry.

Monsignor **Ryan**. No doubt such a change could have very evil effects, first, if it came suddenly; and secondly, if adequate preparations were not made by the Government to meet it.

Mr. **Osmers**. To absorb the shock?

Monsignor **Ryan**. Yes. The change from a munitions-producing economy to the ordinary economy need not be disastrous. Suppose, when peace came, we should have nearly full employment and were going to close a great many factories making war materials. It would be possible to shift those persons to regular production, provided that the distribution of production was such that those who wanted to buy had the money with which to buy. They are going to have that period toward which they will have to go, and at the end of that period it is going to be a big problem, and special steps will have to be taken.

Mr. **Osmers**. If it were continuous over a period of years, and if we go into the war, as long as we continue to consider human beings still worth considering, do not you think it is a strong threat to our basic form of government and that such a shock would bring about a great economic dislocation?

Monsignor **Ryan**. I do not know.

Mr. **Osmers.** Let me suppose a case: That tomorrow morning five or ten million men should be wholly or partially unemployed at one time, do you believe that a group of those men, or many of them, would sit down without doing something about it?

Monsignor **Ryan.** No; but suppose that should occur tomorrow morning, as you say, Congressman, there are certain provisions which have been adopted by the Federal Government which would aid that considerably.

APPROVES GOVERNMENT PLANNING

Mr. **Osmers.** Do you feel that would lead to a period of greater regulation, Government regulation, and Government control of everything to keep things running? Is not that found in every instance, either in Europe or elsewhere, when to have complete war it has required Government planning, tearing down the last iota of personal liberty?

Monsignor **Ryan.** I think that some general program would be necessary but it seems to me that, as far as necessary, it should be temporary.

Now, you mentioned about planning, even planning for the people themselves. I was in favor of the bill that Congressman Jerry Voorhis and others introduced along the line of industrial expansion. Whether that would work or not I do not know, but I am for the planning thing. The great question is how much compulsion you are going to put into the planning, direct compulsion, whether through inducements to the manufacturers who comply, through a 20-percent allotment, or 10 percent. I think that you are going to have a lot of that.

The **Chairman.** Mr. Curtis.

Mr. **Curtis.** Monsignor Ryan, I for one have great appreciation of your coming here and of the valuable and specific recommendations in reference to migration to areas of agriculture. I was intensely interested in that.

EFFECT OF MIGRATION ON CHURCHES

What effect has there been noticed, because of migration in rural areas, upon churches and church life of America?

Monsignor **Ryan.** I am afraid I could not speak on that with any authority. I have not paid much attention to it.

Mr. **Curtis.** Would you care to make any observation about it?

Monsignor **Ryan.** I doubt, that as far as the Catholic Church is concerned, its effect has been very great. Unfortunately the majority—I say unfortunately from one standpoint—the majority of Catholics, about 80 percent of them, live in the cities of this country. As my pastor used to say, many of them went there perhaps to see the electric lights, so I doubt if there were very many Catholics involved in this migration from farms, particularly from the Dust Bowl area. But I have not paid much attention to it.

Mr. **Curtis.** In addition to what is planned under what we may call an economically wise planned program that can be instituted for just relief, we still must encourage individual sacrifice.

Monsignor Ryan. Oh, yes.

Mr. Curtis. And urge thrift and economy.

Monsignor Ryan. Yes.

SOCIAL SECURITY FOR DEFENSE WORKERS

Mr. Curtis. Do you think that there should be an exploration into the question of security for individuals employed in industry that is concerned purely with national defense?

Monsignor Ryan. Purely what?

Mr. Curtis. Purely national defense, with no peacetime function whatsoever, that a portion of their wages, in addition to what is already taken for social security, should be retained to help these individuals cushion themselves against that day when that industry may disappear entirely?

Now, all of these contracts are under the direct jurisdiction of the Federal Government; the Federal Government makes the appropriation, specifies what can be done in the contract, and largely what the wages shall be, so we have, perhaps, authority to do that.

Now I am not asking you to agree or disagree with such a thing, but do you think that something of that kind should be explored?

Monsignor Ryan. It should be explored; yes; but I would not be in favor of arbitrary compulsion. I think perhaps there should be something in addition, but it should be brought about by moral suasion; that people engaged in that work should be encouraged to do it; but to compel them to do it, I would question.

Mr. Curtis. Perhaps I did not state my question in the form I should. The thought was not, under law, to compel men to take money that has reached their hands and invest their savings in a specific thing. I mean to make the wages payable so that a part of it would stay to help cushion themselves against the time when that entire industry disappears.

Monsignor Ryan. Well, it seems to me that would be compulsory thrift and I do not like the element of compulsion.

J. Maynard Keynes has suggested some kind of a program like that for Great Britain, not perhaps the same, but much of the same character; first as to what would be expected of workers of that kind, with their savings, not now, but later on, when certain changes take place in the prosecution of the war in Great Britain.

But I do not like the idea of compulsion; I think that it is necessary, and I think you should encourage thrift.

But, there are ways, and the way has been shown in the National Mediation Act's relation with the railroads, and there has not been a major strike on the railroads for 15 years, I think, but there is no compulsion and I think that should be sufficient to keep the defense industry running.

I merely mention that as an illustration of how you can get the thing done by a kind of persuasion that is not legal compulsion.

Mr. Curtis. You think it should be worked out?

Monsignor Ryan. Yes.

Mr. Curtis. Where employees agree to accept this assistance?

Monsignor Ryan. Yes.

Mr. Curtis. So they may have something to cushion themselves against the day when the industry disappears.

The Chairman. Mr. Sparkman.

Mr. Sparkman. Monsignor Ryan, I was very much interested in the remarks you made with reference to farm conditions.

FAMILY FARM UNIT BREAK-DOWN

Is it your opinion that there is a break-down of the family farm unit?

Monsignor Ryan. Well, all I know is what I have been reading of the testimony before this committee and from other sources as to the number, and that is not necessarily of sufficient long standing. I was on the President's Advisory Committee on Farm Security—the Farm Tenant Program I believe it was called—for 2 or 3 years, and it was said there were 40,000 owners becoming tenants every year, and I do not suppose that the proportion has gone down since 1937 or 1938; perhaps it is bigger.

Mr. Sparkman. That is a change from the relationship of home ownership to that of tenancy.

Monsignor Ryan. Yes.

Mr. Sparkman. But what I mean is this: Do you think the number of farm units is decreasing?

Monsignor Ryan. I have not seen the figures on that. I suppose it is decreasing somewhat, but I think that if a million and a half persons have lost their farms or have moved from the farms in the last 2 or 3 years, as was testified here by somebody, that the number of units, farm units, throughout the country necessarily must have decreased.

LIMIT AGRICULTURAL ADJUSTMENT ACT BENEFICIARIES TO 500-ACRE FARMS

Mr. Sparkman. Now, you recommend that farm benefit payments be restricted to only the operator or at least to those who cultivate 500 acres or less. You are familiar, I am sure, with the fact that the present farm act limits the amount that can be paid to any one farm operation.

Monsignor Ryan. Yes.

Mr. Sparkman. I believe the limit is to $10,000, if I recall it correctly. When the legislation was being debated a very serious effort was made to cut it to $5,000. But apparently it was the opinion that $10,000 should be the maximum. Then there is also a penalty for cutting down the number of farm units, that is, for pushing the tenants or sharecroppers on the farm operation off the large farms.

The problem, as was explained to us by a representative of the Department of Agriculture, is in reaching a happy medium and maintaining the balance whereby cooperation or participation of these large operators will be obtained.

Do you feel—I know Mr. Curtis asked you a question very similar to this, and I believe you said it would not make a great deal of difference in the program, in your opinion. Now representatives from the

Department of Agriculture told us that it would, as a matter of fact that it might, defeat the program of balanced production.

Monsignor RYAN. Well I am not familiar with that situation at all. Certainly a statement by a representative of the Department of Agriculture is much more effective than mine, and certainly has more facts to support it than any statement that I could make. I must say that I have not thought on that before. I do not know.

Mr. SPARKMAN. I believe he told us also that the number of checks going out, which would indicate the number of farms actually in operation, have not shown an appreciable decrease.

Monsignor RYAN. Well, there are new farmers, I suppose, coming on every year; there is an increase in the farm population as well as in the other population, so that statement would not refute anything, the mere fact that there has been no reduction in the number of checks, because if the farm population is increasing the number of checks to farms would likely show an increase.

Mr. SPARKMAN. The point is that these checks go to the farm.

Monsignor RYAN. Yes; I appreciate that.

BACK-TO-FARM MOVEMENT

Mr. SPARKMAN. I was very much impressed with some of the preliminary census figures—I do not know what the final figures will show—but as far as the preliminary figures show that in the last 10 years there has possibly been a movement from the cities back to the farms; it shows certainly that the rapid increase in population in the large cities had not kept pace with what it had been in the preceding 10 years.

Monsignor RYAN. I have not seen the census report on that and I am a bit surprised at the moderate language, because certainly we were told 6 or 7 or 8 years ago that there had been a great movement from the cities to the farms, largely by persons who had moved previously to the city from the farms and who thought they could better themselves in their condition by securing employment in the cities, but who are now moving back to the farms.

I think there is no doubt a considerable migration has taken place from the cities to the farms in the past, say, the first 5 years of this decade, I mean, from 1930 to 1935 or 1936.

Mr. SPARKMAN. Now, your idea of a supertax on the land, of course, would be a Federal tax?

Monsignor RYAN. Yes; it would have to be.

Mr. SPARKMAN. Is not that quite a severe departure from our past practice?

Monsignor RYAN. Yes; I realize that. That is the one field of taxation that the Federal Government has at least overlooked up to this time, on real estate farm land.

Mr. SPARKMAN. Do you not believe there ought to be a tendency for the Federal Government to leave some field alone?

Monsignor RYAN. Yes.

SUPERTAX FOR 1,000-ACRE FARMS

Mr. SPARKMAN. You stated, I believe, that such a tax would have to be based on an acreage provision?

Monsignor Ryan. Yes; of a thousand acres or more.

Mr. SPARKMAN. The only thought I wish to point out in that connection is you might have a thousand acres in one locality that would be worth a thousand times what a thousand acres would be in another locality.

Monsignor RYAN. That is a local condition, but in general terms you could set a normal limitation of somewhere around 1,000 acres and that limitation, of course, would be varied under much the same principle as that now involved in the Fair Labor Standards Act. There is a minimum wage fixed by the Congress for the whole country. And, the variations in one part of the country as against another part of the country, so far as wages are concerned, are adjusted from that minimum. I think we have to reconcile ourselves to the general policy of setting a limitation beyond which the process cannot go, and as Mr. and Mrs. Webb said some time ago, we must have a national minimum; naturally the minimum will not fit everybody, but it will fit the needs of the majority. That is all we can say.

Mr. SPARKMAN. I was thinking that probably out in the cattle country a thousand acres might not be sufficient, whereas a thousand acres devoted to truck farming in an industrial section would represent a huge industrial plant.

Monsignor RYAN. Well, if the Federal Government, the Congress, ever got around to putting this into operation, it could make the classification of land. And it is my understanding that the attitude of the Supreme Court is, in considering a problem of that kind, that any taxing unit can go far along that line, provided a proper classification is made within that unit.

For instance, in my own State of Minnesota the State has a tax on iron ore, which I believe, is different from the tax on the surface of the soil. That was taken to the Supreme Court, and the Supreme Court said that that was a proper classification as long as it was not an arbitrary one.

Now, to increase by many thousands of acres the limitation for grazing land would not be an arbitrary classification, so I do not think there would be any great difficulty about that.

Mr. SPARKMAN. I was asking the question for this reason: To see if you might not think that, instead of placing this arbitrary tax on land, you might have a levy on machines, whether you think that would be preferable. I understand that the displacement of labor by machines is the real problem.

Monsignor RYAN. Yes. Possibly that might be helpful, but I have not been able to see it. In the first place, where the proposition is defended, it increased the cost of production, no doubt; the consumer pays it eventually. Well, you might say also the consumer pays eventually for any decrease in this very efficient farm-machinery method, the price of agricultural products may be higher, but I do not think they would be very much higher than that produced by machinery, and I think the explanation involves many things that I cannot think of, I am sure. And, certainly from those who have recommended it, I received many letters saying that this will be solved by a tax on machinery. But the defense of the proposal did not strike me as taking in all of the factors.

COOPERATIVE FARMING EFFORTS APPROVED

Mr. SPARKMAN. Dr. Taylor, of the University of California, at Berkeley, made a suggestion based upon the premise that in order to employ labor on the farm, in order for it to be economically employed, that the farm must be of a certain type. In other words, just like capital laid out in business, it had to be large enough to justify the investment if you are going to make it profitable, and that it would not be practicable for the small individual farm owner, but that you could have three, four, or five groups together, form a cooperative and purchase the necessary machinery through a cooperative. What do you think of that?

Monsignor RYAN. I think it is a very fine idea; yes.

Mr. SPARKMAN. And that method might be financed by the Federal Government, I do not mean by a grant, but through loans.

Monsignor RYAN. Yes; I should think so; I am for all the cooperation possible, and using the best machinery there is. Why not use it? But let the use of machinery be so arranged that the individuals would not be pushed off the farm, causing these farms to become large industrial operations with most of the persons concerned in it working for wages.

Mr. SPARKMAN. I think that is all.

The CHAIRMAN. Monsignor Ryan, I have been very much interested in your remarks, and the question occurs to me all the time as we look into the picture of migration, that it is connected with every economy in our national life; that you cannot consider migration in itself alone.

Monsignor RYAN. Yes.

The CHAIRMAN. It results from worn-out farms, mechanism, unemployment, and various things. And there is no single solution to it.

Monsignor RYAN. No.

MIGRATION A NATIONAL PROBLEM

The CHAIRMAN. This is the first investigation addressed solely to this proposition. We have spent millions of dollars during our history in studying and establishing regulations for interstate commerce, but never for the interstate movement of human beings.

Now, one of the solutions which you outlined was rehabilitation loans, in other words, resettlement loans. In that regard the Farm Security is doing that very thing, Monsignor Ryan. They have loaned money to 500,000 farmers with which to buy horses, cows, feed, and other things that are required to keep them on the farm.

But here is the point I want to make: In the Great Plains States they have lost a million people in the last 10 years; in the Great Plains States 5,000,000 acres of once productive soil has lost 25 percent of its topsoil.

Now, I am particularly interested, Monsignor, in those good American citizens who have been forced to move because of circumstances over which they have no control. And they start out and what do they run into? They come to a State border line, perhaps as a result of some private employment agency giving them some misinformation, telling them there are jobs, and they run up against barriers of from 6-month to 5-year settlement laws. In other words, there are barriers against the flow of humanity, but there are no barriers against interstate commodity commerce.

So, the thing that you mentioned is something that has been recommended, and is an idea that can be done, to keep them on the farms. And in our investigations throughout the United States, and we traveled 10,000 miles, I personally never have come across a single migrant in California or any other State who would not like to have an opportunity to stay on the farm, who would not be willing to live on the farm, and I think that you will agree with this committee that everything indicates it is a national problem. You feel that way, do you not?

Monsignor Ryan. Oh, absolutely. Of course, it is a national problem.

I heard the figures you gave a short time ago, Mr. Chairman, about the number of migrants to California, and no State should be required to take care of them; no State should be required to bear up under that burden. Aside from the nice fresh air and sunshine—and certainly they require something more than that, as a brother of mine said when somebody wanted to go to San Diego—as a matter of fact, he has been there several years—"San Diego, yes; but you cannot live on sunshine."

Mr. Parsons. Well, it gave California three extra Members of Congress as a result of the migration.

Monsignor Ryan. Yes; but the individual must have something more than a nice place to live.

MIGRATION INJURIOUS TO NATIONAL MORALE

The Chairman. Monsignor, our records disclose there were about 4,000,000 of these migrants last year and certainly we must do something to better their situation, because if we do not I am satisfied it will strike at the morale of the country, and anything that strikes at the morale of the country strikes at our national defense.

As a matter of fact, do you not know that the Census returns have been held up because there are hundreds of thousands of American citizens who have not lived in one State long enough to be assigned to the State, and do you not think some provision must be made whereby they can be citizens of a State?

Monsignor Ryan. They certainly ought to be able to stay in one place long enough to be counted once in 10 years. Of course, it is a national problem.

The Chairman. The committee feels very much honored to have had you come this morning, and we appreciate very much your valuable statement.

Monsignor Ryan. It is a pleasure to have been here.

The Chairman. The committee will take a recess until 2 o'clock.

(At 12 noon a recess was taken until 2 p. m. of the same day.)

AFTERNOON SESSION

The recess having expired, the chairman, Hon. John H. Tolan, called the committee to order at 2 p. m.

The Chairman. Our next witnesses will be Miss Hoey and Mr. Tate.

TESTIMONY OF MISS JANE HOEY, DIRECTOR, BUREAU OF PUBLIC ASSISTANCE, SOCIAL SECURITY BOARD; AND JACK B. TATE, GENERAL COUNSEL, DEPARTMENT OF EDUCATION

The Chairman. Miss Hoey, will you please give your full name and address, and your official position?

Miss Hoey. It is Jane M. Hoey, director of public assistance, of the Social Security Board.

The Chairman. You reside in Washington?

Miss Hoey. In Washington; yes.

The Chairman. Mr. Tate, will you please give your name and official connection, for the record?

Mr. Tate. Jack B. Tate, general counsel of the Federal Security Agency. I reside in Washington. I would like to introduce Mr. Herbert Margolis, who is on my staff.

The Chairman. I would like to say to you at the outset that Congressman Sparkman will interrogate Miss Hoey, but in answer to any of the questions, if there is anything additional you would like to incorporate, Mr. Tate, you will be permitted to do that; likewise, Miss Hoey, you will be allowed to interpolate in Mr. Tate's examination.

Mr. Sparkman. Miss Hoey, I have read your statement and looked at the supplements to some extent. They will be put in the record at this point.

STATEMENT OF JANE M. HOEY, DIRECTOR, BUREAU OF PUBLIC ASSISTANCE, SOCIAL SECURITY BOARD

Present Situation With Regard to Migrants and Recommendations for Their Care

GENERAL SITUATION

1. There is legitimate migration which needs to be encouraged, especially from those areas where it is impossible at the present time to earn a living because of the economic situation.

2. This migration as far as possible should be accomplished in an orderly fashion. Migration can be controlled to some extent if the larger industries, especially those with defense contracts, will utilize the public employment offices in recruiting workers.

3. Studies of migrants indicate that in general they are a young age group and would be an asset in any community if given an opportunity to become self-supporting.

4. The increase in private employment provided through defense industries and in other ways has not, and in all probability will not, take care of all the able-bodied unemployed residents and migrants, since many of these are unskilled and the older ones have been unemployed for long periods.

5. The migrant problem has been greatly magnified recently due to the creation and expansion of industries for defense and of cantonments and other establishments related to the armed forces of the United States. Since these are distributed throughout the United States almost every State is now faced with this problem of the care of migrants. Previously only a few States with an unusually large number of migrants were aware of the problem.

FACTS ABOUT RELIEF SITUATION

1. The Work Projects Administration, Public Works Administration, National Youth Administration, and Civilian Conservation Corps programs have never absorbed all able-bodied, unemployed persons in need of employment.

2. Twelve States do not make available any State funds to assist their local political subdivisions in providing relief for needy persons for whom work is not suitable or available and who are not eligible for one of the three categories of public assistance.

3. The local communities, except in a limited number of States, have not appropriated funds in sufficient amount to provide even the minimum subsistence needs for persons without sufficient resources to maintain themselves.

4. A tax on property, the chief basis for revenue raising in most communities, does not produce sufficient revenue to meet all local governmental expenses and finance an adequate relief program in addition in most communities in the United States.

5. With a limited number of exceptions, in the last 5 years the States and localities pooling their resources and the Federal Government sharing 50 percent of the cost of public assistance for the three groups have provided only inadequate public assistance for many needy aged and blind persons and dependent children. In many States there are long waiting lists of eligible aged persons and dependent children for whom no provision is made, usually due to lack of resources. Even though under the public assistance titles of the Social Security Act, local residence as a basis of eligibility has been eliminated and only State residence required, in many States settlement and residence laws are so restrictive that even aged and blind persons, otherwise eligible, who have not lived 5 out of 9 years in the State, one of which must have been immediately preceding the application, are denied public assistance. Lack of citizenship in many States also excludes otherwise eligible aged and blind persons.

6. "While the number of persons adversely affected because of restrictive residence or settlement laws is not known for the country at large, a rough measure of their influence is shown by the fact that in seven States, the District of Columbia, and Cook County (Chicago), Ill., for which data are available during specified periods in 1937 and 1938, from 1.5 percent to 7.4 percent of the applicants for old-age assistance were rejected because the applicant was ineligible because of residence requirements." [1]

RECOMMENDATIONS

1. The Council of National Defense and its Advisory Commission should be asked to request all firms receiving defense contracts to utilize to the fullest possible extent the free public employment service for recruitment of new employees.

2. The Federal work programs, including Public Works Administration, Work Projects Administration, National Youth Administration, and Civilian Conservation Corps, should be extended to include all employable unemployed persons in need, residents and migrants.

3. The vocational rehabilitation program is restricted to those who can be placed in competitive industry. This program should be broadened, or a new

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[1] Data secured from the Division of Public Assistance Research, Bureau of Research and Statistics, Social Security Board, compiled January 4, 1939.

program developed, to include all persons who could be trained for partial, if not total, self-support.

4. All Federal laws providing grants-in-aid to States should be conditioned, in addition to other requirements, upon the States agreement to extend services to all persons living in the State without regard to length of residence. This condition should be applicable to such programs as vocational rehabilitation, health services, child welfare, public assistance, farm security, and surplus commodities.

5. The Social Security Act should be amended to provide Federal grants-in-aid to States for general relief for needy residents and migrants for whom Federal work programs are not suitable or available. Federal funds should be made available to match 50 percent of the cost of administration and assistance. The State should be required to submit a plan with provisions similar to those now included in the Social Security Act relating to public assistance. The responsibility for the supervision of this program should be in the same agency as the other assistance programs, that is, the Social Security Board.

SUGGESTED PROVISIONS NOT RECOMMENDED

1. Federal grants-in-aid to States on a 100-percent basis for public assistance to migrants:

(*a*) If a 100-percent grant for assistance and administration were provided by the Federal Government for migrants, this would relieve the localities and the States of a financial burden, but might result in an attempt on the part of the States and localities with inadequate resources to classify residents as migrants in order to secure Federal funds or encourage residents whose need is not being met to become migrants in order to secure necessary assistance not available to residents. Thus undesirable migration would be increased, not lessened. This would also entail a very large expenditure on the part of the Federal Government without effecting a desirable solution of this problem.

(*b*) If public assistance were granted to migrants on the same level as assistance granted to residents, those States having a high level of assistance payments would undoubtedly have an influx of migrants. This would result in other welfare problems arising in these areas because of inadequate facilities for housing, medical care, and education. Any attempt on the part of the Federal Government to provide public assistance on a flat grant basis for the relief of migrants would not meet individual needs and would result in a distinction between the care given to migrants and residents.

2. Federal grants-in-aid to States on a 50-percent basis for public assistance to migrants alone without any Federal provision for needy residents:

(*a*) A 50-percent Federal grant to States for public assistance to migrants would undoubtedly result in the very limited funds now available for general relief for residents being further depleted in order to provide matching funds for the care of migrants. This situation would merely increase the present antagonism of residents toward nonresidents.

(*b*) Since States could not be forced to pass appropriate legislation to take advantage of the Federal grant for migrants, they might refuse to submit a State plan for this purpose and prefer to utilize their available funds to meet the need of local residents.

SUPPLEMENT I TO STATEMENT BY JANE M. HOEY, DIRECTOR, BUREAU OF PUBLIC ASSISTANCE, SOCIAL SECURITY BOARD

Legal Requirements for Residence, General Relief

The principle of legal residence or settlement that underlay the old approach to general poor relief caused many difficulties during the depression period in relation to unemployment relief. Consequently there was a separate handling of the nonresident and transient group. At the present time, the realignment of assistance programs makes no special provision for these nonresident and transient individuals and families although the same problem still persists.

The settlement laws of the United States lack uniformity and are much more complicated than those of England. These laws relate to the length of residence in States, counties, or towns to acquire settlement; the period of absence to lose legal residence; the removal of nonresidents, and regulations against bringing in nonsettled poor. In addition, there are provisions concerning the effect of marriage, divorce, and desertion that affect the settlement of women, and other regulations concerning the settlement of children. Naturally disputes over eligibility for relief often occur and some groups are ineligible in any jurisdiction.

These elaborate provisions regarding "settlement" or legal residence for purposes of public aid, followed the theory of local responsibility and were written into the earliest poor laws to protect the local taxpayers. Settlement controversies are closely related to the transportation agreement, court decisions, attorney general's opinions, and interstate agreements, but the only point to be made here is that because of this complicated system of local relief many people are ineligible for assistance.

It is not only the transients who are involved in this loss of eligibility, but resident families who through a technicality such as going across a State line in search of elusive work opportunities lose their eligibility. Under restrictive phrases, such as "continuous period of 3 years,"[1] when rigidly interpreted by the courts, families lose residence and thus lose their right to obtain assistance when in need.

Because residence requirements for acquisition of settlement in the various States ranges from 6 months to 5 years, and because these requirements do not coincide with the statutory provisions for loss of settlement, it is easy to lose residence in one State without acquiring it elsewhere. In addition there are local requirements for settlement, so that within some States special provision is made for caring for State poor who are without local settlement but have State residence (New York and Massachusetts for example). In other States such people are ineligible for general assistance.

In spite of the premise on which general relief programs are based there are two groups which States and/or localities sometimes declare by law to be ineligible for relief.

1. *Aliens.*—Four States, Pennsylvania, Oklahoma, Delaware, South Carolina, have laws excluding nonresidents from relief. In Connecticut aliens may receive relief only by vote of selectmen, and justices of peace, and inhabitants,[2] while two counties in Maryland refuse relief to noncitizens.[3]

2. *Persons lacking legal settlement* (*migrants, transients, and nonresidents*).—Legal settlement is a technical term which means residence of a specified length and under circumstances which entitle a person to assistance from a political unit.

In nearly one-half of the States there are both State and local residence requirements. One-third of the State statutes specify periods of local residence only. In four States (Delaware, Minnesota, Pennsylvania, West Virginia), there are State residence requirements but no local residence requirements. No residence requirements are required by statute in five States (Arkansas, Florida, Kentucky, New Mexico, Texas). However, even in four States not having legal residence requirements it is customary to refuse relief to persons who have not been residents for a specified period.[4]

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[1] Present Illinois law, for example.

[2] Compilation of Settlement Laws, American Public Welfare Association, September 1939. In "Appraisal of Trends in Research Legislation and Administrative Policy in the Public Social Services," compiled for 1940 Delegate Conference American Association of Social Workers it is stated "In Oklahoma citizenship has been dropped from the requirement for eligibility because so few residents are not citizens and the cost of proving the citizenship of applicants is very high," p. 7.

[3] State Public Welfare Legislation, Division of Research, Works Progress Administration, Research Monograph XX, January 1, 1939, p. 61, footnote 15.

[4] Florida, Kentucky, New Mexico, Texas. Compilation of Settlement Laws, American Public Welfare Association, September 1939, p. 6.

TABLE I.—*Residence requirements (with restrictions) for acquisition of settlement in the various States*

6 months	1-year period practiced, assumed, or accepted	1 year	2 years	3 years	4 years	5 years	Not specified
Alabama, Mississippi.	Florida, Kentucky, New Mexico, Texas.	District of Columbia, Georgia, Idaho, Louisiana, Michigan, Missouri, Montana, Nebraska, New York, North Carolina,[1] North Dakota, Ohio, Oklahoma, Pennsylvania,[1] South Dakota, Tennessee, Utah, Virginia,[1] Washington, West Virginia, Wisconsin, Wyoming.	Delaware, Minnesota,	Arizona, California, Colorado, Illinois, Indiana, Nevada, Oregon, South Carolina, Vermont.	Connecticut.	Kansas, Maine, Massachusetts, New Hampshire,[1] New Jersey,[1] Rhode Island.	Arkansas,[1] Maryland.

[1] See Compilation of Settlement Laws of all States in the United States (revised as of September 1939) American Public Welfare Association, Chicago, October 1939.

NOTE.—In all States it is usually stipulated or assumed that the required residence period must be without receipt of relief. Some States specify both public or private relief, others merely public assistance.

TABLE II.—*Loss of settlement*

Less than 1 year's absence	1 year's absence	5 years' absence [1]	Intent [2]	Not specified [3]	Acquisition of new settlement	3 years
Mississippi (6 months), South Dakota (30 days), Utah (4 months).	Arizona, California, Colorado, District of Columbia, Florida,[4] Indiana, Iowa, Kansas,[4] Kentucky, Michigan,[4] Minnesota, Missouri, Montana, Nebraska, New Jersey, New York, North Dakota, Oregon, Washington, Wisconsin, Wyoming.	Maine, Massachusetts, New Hampshire,[4] Rhode Island.	Alabama, Georgia,[4] Illinois,[4] West Virginia,	Arkansas,[4] Delaware, Idaho, Louisiana,[4] Maryland, Nevada,[4] New Mexico,[4] Ohio, Oklahoma, South Carolina, Tennessee, Texas.	Connecticut, Pennsylvania,[4] Virginia,[4] North Carolina,	Vermont.

[1] In these States settlement is lost after an absence of 5 years unless a new one is gained elsewhere in the meantime.

[2] This usually indicated that the individual or family has left the State with the intention of taking up permanent residence elsewhere.

[3] In most States that have no specific provision for the loss of settlement it is held that settlement is lost by being removed from the State for 1 year.

[4] See Compilation of Settlement Laws of All States in the United States (revised as of September 1939), American Public Welfare Association, Chicago, October 1939.

SUPPLEMENT II TO STATEMENT BY JANE M. HOEY, DIRECTOR, BUREAU OF PUBLIC ASSISTANCE, SOCIAL SECURITY BOARD

TRENDS IN RESIDENCE REQUIREMENTS FOR PUBLIC ASSISTANCE CATEGORIES

NOVEMBER 27, 1940.

RESIDENCE

In 1936, 33 of the 42 old-age assistance plans required State residence of 5 out of 9 years immediately preceding application and 1 year immediately preceding application. Two more States did not specify that 1 year must immediately precede application. Two States required 5 out of 10 years immediately preceding application and 1 year immediately preceding. Four more States had the same requirement except for the 1-year residence immediately preceding application. One State required residence of 2 of 9 years immediately preceding application and 1 year immediately preceding application. Twelve of the 27 aid-to-the-blind plans required 5 of 9 years and 1 year immediately preceding, and 11 more had the same requirement, but added that persons may be eligible if sight was lost while a resident of the State. Two States required 5 of 9 years immediately preceding application but did not specify that 1 year must immediately precede application and one of these granted assistance to those who had lost sight while residing in the State. Two States required only 1 year's residence. For aid to dependent children 22 States required that the child must have resided in the State for 1 year preceding application or was born within 1 year in the State and the mother was a resident of the State for 1 year immediately preceding birth. One State required that the child must have resided in the State for 1 year preceding application, or was born in the State within 1 year preceding application. One State required that child must have resided in the State for 1 year preceding application or was born in the State. In 2 States the mother or custodian must have been a resident for 1 year prior to application. One State specified no residence requirement for aid to dependent children.

In 1937, 38 old-age assistance plans required State residence 5 of 9 years immediately preceding application and 1 year immediately preceding application. Three States did not specify that 1 year must immediately precede application. One State required 5 of 10 years immediately preceding application and 1 year immediately preceding and 3 States required only 5 out of 10 years immediately preceding application. One State required residence of 2 out of 9 years immediately preceding application and 1 year must immediately precede application. Four States require only 1 year's residence. Thirty aid-to-the-blind plans required residence of 5 out of 9 years, and 1 year must immediately precede application; 17 of these also made eligible those persons who lost sight while residents of the State. Two States required residence of 5 out of 9 years immediately preceding application and one of these made eligible persons who lost sight while residents of State. Six States required only 1 year's residence. For aid to dependent children, 34 plans required that the child must have resided in the State for 1 year preceding application or was born within 1 year in the State, and the mother was a resident of the State for 1 year immediately preceding birth. One State required that the child must have resided in the State for 1 year preceding application or was born within State. Two States required that the mother or custodian must have been a resident for 1 year prior to application. One State required that the child, parent, or guardian must have been a continuous resident for 1 year. Two States had no residence requirement for aid to dependent children.

In 1938, 43 old-age assistance plans had a residence requirement of 5 out of 9 years immediately preceding application and 40 of these specified that 1 year must be immediately preceding application. Four plans required 5 out of 10 years immediately preceding application, and 1 of these specified that 1 year must be immediately preceding application. One State required 2 out of 9 years and 1 year immediately preceding application, and three States required only 1 year's residence. For aid to the blind, 31 plans required residence of 5 out of 9 years and 1 year immediately preceding application, while 18 of these also made eligible those persons who lost sight while residents of the State. Three States required only 5 out of 9 years residence and 1 made eligible those persons who lost sight while residing in State; 1 State, 2 out of 9 and 1 year immediately preceding application. Six States required only 1 year's residence, and 1 had no residence requirement. For aid to dependent children, the 1938 distribution remained the same except that 36, rather than 34, plans required residence of 1 year preceding application or was born within the State within 1 year and the mother was a resident 1 year immediately preceding birth.

In 1939, 41 States, in their plans for old-age assistance, required residence of 5 out of 9 years immediately preceding application; 38 of these specify that 1 year must immediately precede application. Four States required residence of 5 out of 10 years immediately preceding application, and 2 of these specified that 1 year must immediately precede application. One State required 2 out of 9 years immediately preceding application, and 1 year must immediately precede application. Four States required only 1 year, and 1 only 6 months' residence. For aid to the blind, 33 plans required residence of 5 out of 9 years and 1 year immediately preceding application, while 19 of these made eligible those persons who lost sight while residing in the State. Two States required 5 out of 9 years preceding application and 1 made eligible those who lost sight while residing in the State; 1 State, 2 out of 9 and 1 year immediately preceding application. Five States required only 1 year, 1 only 6 months, and 1 had no residence requirement. For aid to dependent children, 37 plans required residence of 1 year preceding application or the child must have been born within the State within 1 year and the mother was a resident for 1 year immediately preceding birth. One State required only that the child must have resided in the State for 1 year preceding application or was born within the State. Two States specified that the child must have resided in the State for 1 year or in the custody of a person who had lived in the State for 1 year next preceding application. Two States had no residence requirement.

In 1940, for old-age assistance 40 States required residence of 5 out of 9 years immediately preceding application, 38 of these specified that 1 year must immediately precede application. Three States required 5 out of 10 years, and 1 of these specified that 1 year must immediately precede application. One State required 2 out of 9 years immediately preceding application with 1 year immediately preceding application; 6 required 1 year, and 1 required 6 months. For aid to the blind, 33 States required 5 out of 9 years immediately preceding application and 1 year immediately preceding application and 19 of these also granted assistance to those who lost sight while they were residents of the State. Two States required 5 out of 9 years immediately preceding application and one of these gave assistance to those who lost sight while they were residents of the State. One jurisdiction required 5 out of 9 years immediately preceding applications. One plan required residence of 2 out of 9 years immediately preceding application, and 1 year immediately preceding application. Six required 1 year, 1 required 6 months, and 1 had no residence requirement. For aid to dependent children, there was no change from 1939.

SUMMARY OF TRENDS

The Social Security Act includes no requirement with regard to residence and prohibits any requirement which excludes any resident of the State who has resided therein 5 years during the 9 years immediately preceding the application for old-age assistance or aid to the blind, and has resided therein continuously for 1 year preceding the application; also any requirement which imposes as a condition of eligibility for aid to dependent children a residence requirement which denies aid with respect to any child residing in the State: (1) Who has resided in the State for 1 year immediately preceding application for such aid, or (2) who was born within the State within 1 year immediately preceding the application, if its mother has resided in the State for 1 year immediately preceding the birth. There were only about 11 changes in the residence provisions for old-age assistance from 1936 to 1940, of which about 6 liberalized the previous provision. The minimum provision for any State is 6 months, and that was changed from a provision of 5 out of 9 years preceding application and 1 year immediately preceding. In 1936 only about 21 percent of the approved plans had residence provisions more liberal than the maximum permitted under the Social Security Act, while in 1940 about 25 percent had provisions more liberal than the permitted maximum. For aid to the blind, there were about 13 changes, and about 9 of these made the previous provision less restrictive. Only 1 State had no residence provision for aid to the blind and 1 State reduced its provision to 6 months. In

1936 about 55 percent of the approved aid to the blind plans had a residence provision more liberal than the maximum permitted under the Social Security Act, while in 1940 about 67 percent had a more liberal provision. For aid to dependent children, only about 3 changes occurred between 1936 and 1940, and 2 of these made the residence requirement more restrictive than the previous one. Only two plans had no residence provision.

OUT-OF-STATE PAYMENTS

About 35 States, affecting about 34 old-age assistance plans, 21 aid to the blind plans, and about 20 aid to dependent children plans, permit payments to recipients who temporarily leave the State. The period allowed ranges from 1 month to 1 year. About 7 States allow 1 month, 4 allow 1 year. The most frequent period is about 3 months. Several States do not state a specific period, and many States allow absence for longer periods, with special permission from the State agency.

SUPPLEMENT III TO STATEMENT BY JANE M. HOEY, DIRECTOR, BUREAU OF PUBLIC ASSISTANCE, SOCIAL SECURITY BOARD

Provision for the Care of Transients by State and Local General Relief Agencies

As a result of the reallocation of responsibilities for providing assistance or employment to those in need which occurred when the Federal works program and social-security program were inaugurated in 1935 and 1936, the States and their local subdivisions were left with the responsibility of providing relief to the groups not otherwise cared for. One of these is the transient group. From May 1933 through December 1935, special provision was made through the Federal Emergency Relief Administration for the care of transients. Beginning in 1936, however, the State and local governments fell heir not only to the burden of providing general relief but also to the problem of making some provision for the care of transients.

The provision made by State and local governments, from general relief funds, for the care of transients is indicated in table 1, which shows the number of States providing transient care in some form. It is possible that in some localities, special public funds for the care of transients are available, but the amounts expended probably are not large; the cost of such additional care as may be provided is usually met from private funds. The data in table 1 were obtained in a study of the organization for the administration of general relief in the States, conducted by the Division of Public Assistance Research of the Social Security Board.

The fact that in 40 of the 48 States some provision is made for transient care would seem to indicate a fairly widespread acceptance of the responsibility for providing this type of care. When it is noted, however, that in more than half the States, not all local administrative agencies provide care, and that in more than one-fourth the States, only overnight care is provided, the possibility of ready access to this type of care becomes somewhat more remote. In addition to these shortcomings, it should be pointed out that (1) in at least 3 States, most of the overnight care is provided in jails, and (2) in 7 States, care is provided only in emergencies or pending determination of legal settlement.

In 8 States, transients receive the same type of care as residents. In 4 States, this policy is State-wide; in 4 it is not. It should not be inferred, however, that in these States, all transients are given resident care; the classification simply means that those transients which receive any care at all, receive resident care.

In addition to the provision of resident and overnight care, as indicated in table 1, 18 States provide some shelter care for transients and/or local homeless in about 85 shelters. In at least 2 other States, Salvation Army shelters are subsidized from public general relief funds and used for the care of transients.

Table 2 shows that in 37 States, some type of transportation is allowed from public general relief funds, but the extent of the practice varies within States. In only 22 of the 37 States do all local administrative agencies provide transportation. Thirty-two States provide transportation to the transient's legal residence, whereas in 5 States, the purpose of the allowance for transportation is merely to remove the transient from the area of jurisdiction of the administrative agency.

TABLE 1.—*Number of States providing care of transients from general relief funds by type of care and extent of practice in January 1940*

Type of care	Total	Number of States in which specified type of transient care is provided by—	
		All local administrative agencies	Some local administrative agencies
Total	40	18	22
Resident care only	8	4	4
Overnight care only	12	4	8
Resident and overnight care	20	10	10

TABLE 2.—*Number of States providing transportation for transients from general relief funds in January 1940*

Type of transportation	Total	Number of States in which transportation of transients is provided by—	
		All local administrative agencies	Some local administrative agencies
Total	[1] 37	22	[1] 15
Return to legal residence	[1] 32	19	[1] 13
Beyond jurisdiction of local agency	5	3	2

[1] In 1 State, only transportation to legal residence within the State is allowed.

STATEMENT OF JACK TATE, GENERAL COUNSEL, FEDERAL SECURITY AGENCY

SETTLEMENT, RESIDENCE, AND THE POWER OF A STATE TO EXCLUDE OR REMOVE NONSETTLED NEEDY PERSONS

NOVEMBER 28, 1940.

Settlement, a creature of statute, differs from residence chiefly in the additional condition that no public relief may be received during the period counted on. What constitutes relief is a matter of policy differing from State to State. A domiciliary of a State, if a citizen of the United States, would be a citizen of the State, whereas citizenship and residence are not convertible terms. A man may have several residences but only one domicile. Residence differs from domicile in that its requirement of intention to remain is less stringent. Under titles I, IV, and X of the Social Security Act, the Board has interpreted residence as meaning physical presence without any present intention of removing. It is held that short breaks in physical presence, so long as there is no intention of abandoning residence, will neither prevent satisfaction of the residence requirement nor destroy a residence previously gained. In the interests of a Nationwide standard definition and to effectuate the policy of the act, technical doctrines of settlement law, such as settlement by derivation, and conditions thereon, such as nonsupport by the public authorities, have been found inapplicable to residence under the Social Security Act titles, and are dealt with as proscribed conditions.

The memorandum concludes with a brief discussion of the power of the States to remove or exclude nonsettled needy persons in the light of the due process and privileges and immunities clauses of the fourteenth amendment, the commerce clause, and the privileges and immunities clause of Article IV, section 2. A balance must be struck between the national interest in freedom of locomotion and the traditional power of the States to regulate the admission of paupers when regulation is a matter of vital necessity.

Unlike "residence" which has well-accepted connotations, "settlement" is a term which has been defined by statute. It is to the State laws that we must look for matters relating to settlement requirements, including the determination of the periods to be included and excluded in computing the residence necessary to establish settlement (*City of Cambridge* v. *Town of West Springfield*, 20 N. E. (2d) 432 (Mass. 1939); *Wrobleski* v. *Town of Swan River*, 204 Minn. 264, 283 N. W. 399). "Today, a period of self-supporting residence, varying from 1 to 5 years, is required in nearly all States for the acquisition of 'settlement'—i. e., eligibility for relief" (Interstate Migration and Personal Liberty, 40 Columbia Law Review, 1032, 1033). In the American Public Welfare Association Compilation of the Settlement Laws of All States in the United States (1939) may be found the requirements, including such factors as the length of residence necessary to acquire settlement, period of absence to lose settlement, the enforcement of relief and removal of nonresidents, and regulations against the transportation of unsettled poor. The survey reveals that the 1939 legislatures of Colorado, Illinois, Indiana, Kansas, and Minnesota, tightened State requirements for settlement. Instead of 1 year, Colorado, Illinois, and Indiana now make 3 years' residence necessary before relief will be given. Minnesota increased the time from 1 year to 2. Kansas raised the requirement from 1 to 5 years.

Nonsupport, of course, is an important element in most State laws. The books are replete with opinions devoted to the consideration of what types of assistance will bar the acquisition of a settlement. Thus, in *Milwaukee County* v. *Oconto County* (294 N. W. 11 (Wis. 1940)) a distinction was taken between hospitalization to protect the public from the spread of virulent and contagious disease and ordinary medical care given poor persons. It is also intimated that once a pauper's status is fastened upon an individual, a continuance will be presumed when aid is received from private charities.

Generally the pauper laws provide that a settlement may not be gained during the period that relief is extended to the person, his wife, or minor child. It has been held that relief is received when bills for services are paid, not when the services are rendered (*In re Youngquist*, 203 Minn. 530, 282 N. W. 732). Much hinges on the language of the settlement law on whether a particular type of assistance will be held to be relief. In Pennsylvania, unemployment relief is not sufficient to prevent acquisition of a settlement (*In re Commitment of Dennis*, 135 Pa. Super. 237, 5 Atl. (2d) 406). It is likewise held that the receipt of mother's aid is no bar to gaining a settlement (*In re Youngquist*, 203 Minn. 530, 282 N. W. 732; *Town of St. Johnsbury* v. *Town of Lyndon*, 107 Vt. 404, 180 Atl. 892; *In re Skog*, 186 Minn. 349, 243 N. W. 384; *Milwaukee County* v. *Waukesha County*, Dane County Circuit Court, April 23, 1940). In the *Skog case* the court held that it did not matter that the funds were obtained by taxes nominally levied for poor relief. However, the contrary has been held in *In re Barnes* (119 Pa. Super. 537, 180 Atl. 718). In *Treasurer* v. *Town of Dedham* (15 N. E. (2d) 252 (Mass.)) it was held that the father of a minor daughter could not acquire a new settlement during the period the daughter's board as an inmate of the Massachusetts Hospital School was paid by the town of former legal settlement, and so the daughter did not obtain a derivative settlement through the father. In *Destitute Home* v. *Fayette County Almshouse* (72 Pa. Super. 491 (1919)) the court held that one receiving aid as a pauper could not acquire a settlement in any other district so long as that relationship existed, although a new statute provided that a legal settlement could be acquired by coming bona fide to inhabit and continuing to reside there. One receiving assistance from another district could not be deemed a bona fide resident because by surreptitious assistance one poor district could fasten the burden on a neighboring district. The dissent argued that the statute did not say either in terms or in spirit that to change a settlement a man must give up his old one and abjure the necessities of existence during the period before establishing the new settlement.

If the statute refers only to relief from the State or its subdivisions, Work Projects Administration is not considered relief (*Wrobleski* v. *Swan River*, 204 Minn. 264, 283 N. W. 399). When it specifies relief from the Federal Government, Work Projects Administration will preclude the gaining of a new settlement (*In re Matruski*, 169 Misc. 316, 8 N. Y. Supp. (2d) 471; *In re Youngs*, 172 Misc. 155, 14 N. Y. Supp. (2d) 800; *City of Minneapolis* v. *County of Beltrami*, 206 Minn. 371, 288 N. W. 706; 27 Wis. A. G. 177). See also *Dibner* v. *Cousminer* (157 Misc. 229, 283 N. Y. Sup. 369; cf. *Ward County* v. *Ankenbauer*, 65 N. D. 220, 257 N. W. 474). The attorney general of New York (December 12, 1935), the solicitor general of New York (September 21, 1936), and the attorneys general of Illinois (Opin. Ill. Atty. Gen. 1937, p. 251) and Indiana (Indiana Unoff. Op. Atty. Gen. June 6, 1938) were of the opinion that Work Projects Administration is self-sufficient employment and not relief in the sense of their respective welfare laws.

Under the statute in Connecticut it has been held that one may gain a settlement while being supported by the place of former settlement (*Town of Plainville* v. *Town of Southington*, 80 Conn. 659, 69 Atl. 1049). The court reserved the question of what would be done if assistance were provided by the first town for the purpose of unloading the needy person on another town.

With respect to the policy of the settlement laws, Bentham said long ago (*Truth against Ashurst*, p. 234):

"There is no employment for me in my own Parish; there is abundance in the next. Yet if I offer to go there, I am driven away. Why? Because I might become unable to work one of these days, and so I must not work while I am able. I am thrown upon one Parish now for fear I should fall upon another 40 or 50 years hence. At this rate how is work ever to get done?"

On a less dejected note is the comment of W. Wallace Weaver in his review of Webb and Brown, Migrant Families, appearing in the Annals, January 1940, p. 251:

"The transient bureaus have been objects of calumny because they have facilitated the relocation of families rather than forcing them back onto the communities from which they had escaped. A hodge-podge of State and local 'settlement laws,' relics of medieval provincialism, penalize honest migrants and leave 'parasites' substantially unhindered."

An account of remedies proposed before the acuteness of the problem of migrants was intensified by mechanization, low cotton prices, depression, and drought is found in Donnell, Settlement Law and Interstate Relationships, 4 Social Service Review 427, 450.

Of the plight of nonsettled persons shunted back and forth between North Dakota and South Dakota, the North Dakota Supreme Court, in *Adams County* v. *Burleigh County* (291 N. W. 281), observed:

"It is difficult for the writer of this opinion to pass calmly and dispassionately upon the facts in this case and the law governing the same. One would fain suppress much of the evidence, but necessary facts must be set forth. To the credit of the Government of this country and the general attitude of our people toward the poor and unfortunate, it may well be said few records show any such callousness toward human beings as this controversy between South Dakota and North Dakota discloses. The case is an illustration of the extent to which 'man's inhumanity to man' may be carried. Human beings are shifted around like so much cargo. Somewhere and somehow the wellsprings of humanity and brotherhood appear to be dried up."

The jurisdictions can be arrayed in two camps, those which say that settlement is the same as residence and those which say that they differ. The *Seidel case* (204 Minn. 357, 283, N. W. 742) demonstrates that a court may be liberal in its interpretation of the type of presence constituting a settlement and illiberal when it comes to deciding what constitutes a residence within the public assistance laws.

Although the Supreme Court of Minnesota, in *Town of Smiley* v. *Village of St. Hilaire* (183 Minn. 533, 237 N. W. 416), held that the pauper law would be more workable if the word "reside" were construed to relate to a temporary living, where a man exists, not a technical legal residence, that court held in the *Seidel case* that "residence," as used in the old-age assistance law, meant physical presence coupled with an intention to make a home there. The court reasoned that the poor-relief law was an emergency measure and the old-age assistance law a reward for past service and good citizenship. In England residence in relation to the law of pauper settlement also requires that it be a fixed place of abode. A short absence does not operate as a break in the residence (*Farnham Union* v. *Cambridge Union* (1929), K. B. 307). (See also J. E. Graham, Can a Poor Law Settlement Change During Chargeability? 23 Jurid. Review 289.) In New England settlement is practically equivalent to residence (*Inhabitants of Town of Gouldsboro* v. *Inhabitants of Town of Sullivan* (Maine), 170 Atl. 900; *Inhabitants* *of Whatley* v. *Inhabitants of Hatfield*, 196 Mass. 393, 82 N. E. 48; *Town of Madison* v. *Town of Guilford*, 85 Conn. 55, 81 Atl. 1046). Even for settlement, a short break does not destroy a settlement (*Inhabitants of Moscow* v. *Solon*, 136 Maine 220, 7 Atl. (2d) 729). In the *Gouldsboro case* the court said that for a settlement to exist there must be a combination of physical presence with the intention to remain. The intention must be, not to make the place a home temporarily, but to make it a real home. At the same time, it is not necessary to have a particular home to which one may return as a matter of right (*Inhabitants of Warren* v. *Inhabitants of Thomaston*, 43 Maine 406; *Inhabitants of Madison* v. *Fairfield*, 132 Maine 182, 168 Atl. 782). But the Maine court sometimes distinguishes between residence and legal settlement. In *Phillips* v. *Kingsfield* (19 Maine 375), the court held that legal settlement, unlike residence, cannot be changed without acquiring a new one. In another Maine case, *Inhabitants of Warren* v. *Inhabitants of Thomaston* (43 Maine 406), the court said, at page 418:

"In our pauper law the terms 'residence, dwelling place, home' have a different meaning from the word 'settlement.' The place of one's settlement is a place where such a person has a legal right to support as a pauper. It may be in a place other than the one where such pauper has his dwelling place, home, or residence. Thus a person may have a settlement in a place where he has not had a residence, as by derivation. So, too, a person may have a residence or home different from their settlement."

In Minnesota a settlement is not lost by removal therefrom. It is lost when a new one is acquired elsewhere or when there is absence from the State (*In re Venteicher*, 202 Minn. 331, 278 N. W. 581; *Petersburg Township* v. *City of Jackson*, 186 Minn. 509, 243 N. W. 695). In *City of Detroit Lakes* v. *Village of Litchfield* (200 Minn. 349, 274 N. W. 236), under a statute providing that every person who has resided 1 year continuously in any county should be deemed to have a settlement therein, the court held that the fact of remaining or living at a place, regardless of intention to make it one's domicile, is what counts in determining a pauper settlement. Two periods of less than a year could not be tacked together to make up the year, but a man within the State more than a year was chargeable to the county where he spent the longest period next preceding his application for aid.

In North Dakota a settlement within a county may be acquired by 1 year's residence therein. A man within the State for more than a year had a settlement in the county where his stay was longest. Once acquired, a settlement continued until a new one was acquired or until there was a voluntary absence for more than a year. A settlement acquired within a county by a year's presence, unlike a settlement otherwise obtained, might be lost by voluntary absence from the county for more than a year or by acquiring a new residence in another county by residing there 1 year (*City of Enderlin* v. *Pontiac Township*, 62 N. D. 105, 242 N. W. 117). Residence was said to differ from domicile in being actual, not legal.

A requirement of nonsupport before residence within the meaning of the aged, blind, and children's titles could be gained would be violative of the basic purposes of the Social Security Act and the variety of conditions attached to settlement would be incompatible with the requisite uniformity for a Nation-wide scheme. Particularly with respect to the children's program would be a carry-over of the doctrine of settlement by derivation from the father's last settlement have been disruptive.

The undesirability of construing residence and settlement as convertible terms is nowhere better illustrated than in *Town of Bethlehem* v. *Town of Foxbury* (20 Conn. 298). There it was held that an illegitimate born in New York in 1811 of a woman having a settlement, who was brought into Connecticut in 1814, where his mother continued to live without ever having lost her settlement, although with occasional residences in New York and Massachusetts, had a settlement by birth in New York and did not take the settlement of his mother in Connecticut. In 1847 the question of the settlement of the illegitimate's legitimate children arose. The principles applied were (1) an illegitimate does not take the settlement of its mother, but is settled where born, by the laws of New York; (2) having a settlement in New York, he could not at the same time have one in Connecticut, although in Connecticut an illegitimate does not take a settlement by birth. If New York law had not given the child a settlement, he would have taken a settlement in Connecticut. "Had he lived with his mother in Connecticut, he would have taken a new settlement, had she acquired one. But she acquired none; and no case can be found which has gone beyond the acquisition of a new settlement by the mother." So the grandchildren, 36 years later, take the settlement of their father acquired in 1811. The dissent thought that the law of New York gave the illegitimate the settlement of its mother; that when the mother returned, the illegitimate's settlement should have followed hers.[1]

By reason of local peculiarities and differences which would militate against Nation-wide uniform definition of the term "residence" within the purview of the Social Security Act, it is apparent that acceptance of the vagaries of State nomenclature and of their understanding would have led to endless confusion and nullification of the residence requirements of the Federal act. Accordingly, it has been found necessary to provide a uniform Federal definition of residence in the Federal act not dependent on local variations. Cf. *Lyeth* v. *Hoey* (305 U. S. 188), where the Supreme Court held that although in Massachusetts when a will is admitted to probate under a compromise agreement, the State succession tax is applied to the property that passes by the terms of the will as written, and not as changed by any agreement for compromise, Congress in exempting from the Federal income tax the value of property acquired by gift, bequest, devise, or inheritance intended to provide a uniform rule not dependent on divergent State views whether assets received by an heir from his ancestors' estate through compromise was to be regarded as having its origin in contract or as coming to the heir as such.

We must therefore look to residence as it has been interpreted, noting wherein it differs from both settlement and domicile. "* * * a person may have two places of 'residence,' as in the city and country, but only one 'domicile' * * *. 'Residence' simply requires bodily presence as an inhabitant in a given place, while 'domicile' requires bodily presence in that place, and also an intention to make it one's domicile" (*Matter of Newcomb's Estate*, 192 N. Y. 238, 250; 84 N. E. 950, 954). Residence is more than mere physical presence in a place. It depends on purpose and intention and upon what contingencies one expects to leave. In general, residence implies presence at some place of abode with no present intention of definite and early removal, and with a purpose to remain for an undetermined period, not infrequently but not necessarily combined with a design to stay permanently (*City of Cambridge* v. *Town of West Springfield*, 20 N. E. (2d) 432, 434 (Mass. 1939)). Citizenship and residence are not the same thing, nor does one include the other (*La Tourette* v. *McMaster*, 248 U. S. 465). Even with respect to domicile, an intention to abandon a former home may coexist with an indefinite or floating intention to return at some time to the abandoned domicile and again make a home there (*Goodloe* v. *Hawk*, 113 F. (2d) 753, 755 (C. A. D. C.); Beale, *Conflict of Laws*, sec. 18.2 p. 145). But there must be a conjunction of physical presence and animus manendi in the new location to bring about a domiciliary change, and no length of residence without the intention of remaining will constitute a domicile (*District of Columbia* v. *Sweeney*, 113 F. (2d) 25 (C. A. D. C.), cert. den. 310 U. S. 631; *Ex parte Bullen* (Ala.), 181 So. 498; *Felker* v. *Henderson*, 78 N. H. 509, 102 Atl. 623, 624; Story, *Conflict of Laws* (7th ed.), sec. 46).

The residence requirements for old-age assistance are not uniform.

Thirty-eight States provide for a residence requirement of 5 out of the 9 years preceding application, the last year of which must immediately precede application. These States are:

Arizona
California
Colorado
Connecticut
Delaware
District of Columbia
Florida
Idaho
Illinois
Indiana
Iowa
Kansas
Kentucky
Louisiana
Maine
Maryland
Massachusetts
Michigan
Minnesota
Missouri
Montana
Nebraska
Nevada
New Jersey
New Mexico
New York
North Dakota
Ohio
Oklahoma
Oregon
Pennsylvania
South Carolina
Tennessee
Texas
Utah
Virginia
Wisconsin
Wyoming

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[1] On the settlement of a child under 16, see 67 J. P. 493; 70 J. P. 387, 397; 71 J. P. 314.

Alaska and Hawaii provide for a residence requirement of 5 out of the 9 years preceding application but do not specify that 1 year must immediately precede application.

Washington provides for a residence requirement of 5 out of 10 years preceding application, 1 year of which must immediately precede application. Vermont requires 5 out of 10 years residence but does not specify that 1 year must immediately precede application.

Six States—Alabama, Arkansas, Georgia, Mississippi, Rhode Island, and West Virginia—have a residence requirement of 1 year. New Hampshire requires only 6 months' residence.

North Carolina provides for a residence requirement of 2 out of 5 years and 1 year immediately preceding application; however, since the question was raised by the Social Security Board as to whether this provision was in agreement with the provisions of the Social Security Act, the State Board of Charity and Public Welfare, with the approval of the State attorney general and the Governor, passed a resolution making applicants eligible for old-age assistance who had resided in the State for 5 out of the 9 years preceding application and 1 year immediately preceding application.

South Dakota provides for a residence requirement of 2 out of the 9 years preceding application and 1 year immediately preceding application.

Iowa has an alternative that an applicant may have a domicile in the State and has had such domicile continuously for at least 9 years immediately preceding date of application, but such domicile shall not be considered continuous if interrupted by periods of absence totaling more than 4 years.

In Minnesota, residents who have not resided in the State for 5 of the last 9 years but who have been residents for 2 or more years immediately preceding application may take credit on a percentage basis for residence in the State prior to the 9-year period immediately preceding application.

Nebraska considers an applicant eligible who has been at any time a resident for 25 consecutive years and 1 year immediately preceding application.

Two elements must concur in order to qualify an individual as a resident of a State for the purposes of establishing eligibility for aid under titles I, IV, and X, of the Social Security Act as amended. These elements are (1) physical habitation within the State and (2) intent to reside therein. Physical habitation as used in this connection does not require unbroken presence in the State, and is consistent with temporary absence. As long as it may be satisfactorily established that the absence from the State was a temporary one, and that the individual intended to return at a definite time or after the happening of a certain event, this absence will not interrupt his residence. It follows that the State cannot refuse to pay assistance except upon the condition of continued presence within the State; moreover, this would constitute a restrictive condition upon the payment. Under the act only unrestricted payments may be matched. The intention need not be to remain in the State forever, it being sufficient to dwell within the State with no intention of presently removing therefrom. A person may acquire residence in a jurisdiction for public assistance even though during part of the time claimed as a residence he received public aid from the same or another jurisdiction. It is necessary, however, that a person seeking to establish a new residence be capable of forming the requisite intent.

In interpreting residence in connection with eligibility for public assistance it is also recognized that married women living apart from their husbands may acquire a separate residence and that a child who has been physically present within the State and living in a place of residence maintained by one of the relatives enumerated in section 406 (a) has satisfied the residence requirement regardless of the fiction applied in other branches of the law that his residence follows that of his father. That fiction is not permitted to operate to the detriment of the child.

No State may impose any county residence requirement which would disqualify an applicant meeting the maximum State residence requirements permitted under the Federal Act. The State may not restrict the freedom of applicants or recipients to move about the State by threatening a denial of assistance. County residence rules may be established only for the administrative purpose of deciding which county shall be charged for the assistance.

Present-day population movements[2] have brought to the fore the power of the State of ultimate destination to control the movements of migrants and seasonal workers either by exclusion or by expulsion. With the labor market in most of the cities glutted, many migrants become at once objects of local or Federal relief. The New York State Department of Social Welfare estimates that it costs $3,000,000 a year to support nonresidents. Surprisingly, although there is a wealth of literature on the power to exclude and to expel (see, e. g., Interstate Migration and Personal Liberty, 40 Columbia L. Rev., 1032–1049 (June 1940)); Depression Migrants and the States, 53 Harv. L. Rev. 1031–1042 (April 1940), and F. L. Dunlap, Power of State to Prevent Entry of Paupers from other States, 26 Calif. L. Review 603), and although "New York State officials removed 4,079 persons from the State in 1936–37 and 2,832 in 1937–38 (40 Col. L. Rev. 1032, 1033) no appellate decisions passing on the question are available. It is explained that "only a very few of these removals required the compulsion of a court order, most being accomplished by means of persuasion, or mere threats of enforcing the law." (Ibid.)

In the one case which might have served to settle the question,[3] *In re Chirillo* (283 N. Y. 417, 28 N. E. (2d) 895), the Court of Appeals found that the question on direct appeal from the county court was not properly before it since in addition to the issue of constitutionality there was also a construction question. The migrant had lived in Wooster, Ohio, until January 1939, when he moved to Mamaroneck. Home relief in Ohio averaged $15.99; in New York generally, $36.12, and in Westchester County where Mamaroneck is situated, $40.18. Judge Finch, in a dissent on the procedural point in which Judges Rippey and Lewis concurred, answered in the negative the question, "Is it a privilege or immunity of a citizen of the United States to impose upon any State of his choice the burden of supporting himself and his family before he has satisfied reasonable settlement qualifications, as in the case at bar, of 1 year?" He treated the issue in terms of the State's ability to defend itself against threats to its security and solvency. He emphasized that under the rules of the State Department of Welfare removal was considered only on a case-work basis having regard for the welfare of the individual and the State, and on authorization from the locality of settlement.

Judge Finch stated:

"Section 71 does not interfere with the right of a citizen of one State to pass through or reside in any other State. Only if on coming from another State he applies for relief at public expense, to which he has no constitutional right, he is bound to accept the relief *cum onere*, or with the limitations of the reasonable provisions of the public-welfare law of New York State. If it be for his welfare and for the welfare of the State, he then subjects himself to the possibility of being compelled to return to the State wherein he has a legal settlement."

Judge Finch repelled challenges on the score of the fourteenth amendment and the commerce and privileges and immunities clauses by pointing out the antecedents of section 71 of the welfare law went back to 1350; that the burden on commerce was slight and necessary to protect the people from the spread of crime and disease and dissipation of the financial resources and that classification was reasonable.

Chirillo has obtained an order from the United States District Court for the Southern District of New York directing the Governor and others to show cause on December 5 why they should not be restrained from deporting the family.

The Columbia Law Review note concludes its analysis as follows:

"Constitutional objections to State removal and exclusion laws may be found in the two privileges and immunities clauses; the stronger grounds for attack, however, lie in the commerce and due process clauses. The commerce clause presents the large political question of the extent to which the States in relieving themselves of the severe burdens resulting from Federal inaction may trespass on a national interest. The tendency of exclusion and expulsion laws to isolate States from the national economy and to raise an impassible (sic) network of barriers to the free movement of a considerable section of the population may well induce a finding of invalidity. The issue under the due process clause, involving a balancing of personal and State interests, will assume a different complexion depending on whether or not the court recognizes in freedom of movement a 'civil liberty' comparable to those usually associated with the phrase."

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[2] It has been estimated that 241,930 individuals entered California between July 1935, and March 1938. Taylor and Rowell, Refugee Labor Migration to California, Monthly Labor Review, August 1938, p. 240.

[3] In California, an order to return a family of 8 who arrived in Kings County from Missouri on October 19, 1939, was obtained on November 4, 1939. New York Times, November 5, 1939. The family admittedly came because of higher relief payments.

Madden v. *Kentucky* (309 U. S. 83), the recent decision of the Supreme Court overruling *Colgate* v. *Harvey* (296 U. S. 404), apparently adopts the dissent of Mr. Justice Stone in *Colgate* v. *Harvey*, page 446, and indicates that the *Hague case* (307 U. S. 496) will be confined within a narrow compass. Hence the right of locomotion as a privilege of citizens of the United States secured against abridgement (cf. *Williams* v. *Fears* (179 U. S. 270)) may not be operative to prevent exercise by the States of the power to refuse admittance to and deport "paupers"[4] however inconsistent with the national welfare is a policy compelling the retransference of population from the areas offering greater opportunities to the less habitable areas, particularly since in Supreme Court dicta the power to exclude in self-protection has been conceded. *Hannibal & St. Joseph R. Co.* v. *Husen* (95 U. S. 465, 472); *Henderson* v. *Mayor* (92 U. S. 259, 275); *Chy Lung* v. *Freeman* (92 U. S. 275, 280).

Either it has been taken for granted by many States that indigent persons may be excluded from the State by a border patrol or "bum blockade" or impoverished persons have not had the means to appeal to the courts. As to the class which might be covered, it seems clear that the distinguishing characteristic would have to be more than mere poverty, for the exclusion of people willing and able to work could hardly be justified as arising from vital necessity. In *City of Bangor* v. *Smith* (83 Maine 422, 22 Atl. 379), it was held that a railroad could not be held liable by a State if the people it transported into the State subsequently became paupers. To impose such a liability would be to burden interstate commerce.

Apart from exclusion or expulsion there are other measures which States, which feel they are bearing an undue proportion of the expense of caring for the destitute of other regions, may adopt. Poor people may be excluded from the State by means of exemplary prosecutions for vagrancy. This may be more effective than proceedings for removal since there are doubts as to whether the jurisdiction of the courts and administrative officials extends to removal outside the State. Donnell, Laws Regarding Settlement in Connection with the Problem of Interstate Relationship Under a Federal System, 4 Social Service Review 427, 444; *Hilborn* v. *Briggs* (58 N. D. 612, 226 N. W. 737); *Custer County* v. *Reichelt* (293 N. W. 862 (S. D. 1940)); *Juniata Co.* v. *Delaware Township* (107 Pa. St. 68); *Limestone* v. *Chillisquaque* (87 Pa. St. 294); *Georgia* v. *Grand Isle* (1 Vt. 464); Informal Opinion (No. 973, Pa. Atty. Gen., June 30, 1939). But compare: 8 Johns. (N. Y.) 412; 4 City Hall Record (N. Y.) 43; *Bowlin* v. *Archer* (157 Ky. 540, 163 S. W. 477).

In *State* v. *Lange* (148 Kans. 614, 83 P. (2d) 652), the court held that the social-welfare act containing provisions dealing with transient persons likely to become public charges and having no legal settlement within the county where they were found was intended to constitute an independent code, superseding a prior statute authorizing removal, and held that the earlier statute was impliedly repealed. The court disapproved of the summary procedure and mentioned the constitutional problem of laws of jurisdiction as soon as the person deported was outside the State under the superseding section authorizing the State board to enter into reciprocal agreements with other States in regard to the manner of determining the State of settlement in disputed cases.

Perhaps the simplest device to discourage migration is the warning notice. Any stay in the community within 1 year after receipt of the notice does not count toward the acquisition of a settlement. Even in relation to the settlement law such notices were looked upon with disfavor, and there had to be an exact conformity with the statutory provisions. (*Emmet Co.* v. *Dally* (216 Iowa 166, 248 N. W. 366).) However, a warning to depart given to one likely to become a public charge means that such person cannot acquire a settlement within any county except by the completion of 1 year without further warning. (*Cass Co.* v *Audubon Co.* (221 Iowa, 1037, 266 N. W. 293).) These warning notices would be ineffective to prevent the gaining of a residence under public-assistance laws because they have no statutory basis and are repugnant to the Federal Social Security Act. (See Heisterman, Removal of Nonresident State Poor by State and Local Authorities (8 Social Service Review, 289–301, June 1939).)

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[4] Used here as covering persons in immediate need of assistance, not as a term of obloquy. It is used instead of "indigent" because the sources of the States' supposed powers are historically identified with the poor or pauper laws.

Recommendations for ameliorating the distress of the migrants and for absorbing them into the life of the community are made in Migratory Labor: A Report to the President, by the Interdepartmental Committee to Coordinate Health and Welfare Activities, July 1940; Hazel Hendricks, Farmers Without Farms, Atlantic Monthly, October 1940; Buel W. Patch, Problem of the Migrant Unemployed, 2 Editorial Research Reports, pages 26–26; Philip E. Ryan, Migration and Social Welfare; Philip E. Ryan, Relief for Transients, Survey Midmonthly, September 1940, page 251; Congressional Record, March 30, 1939, page 5007; W. P. A. report.

TESTIMONY OF JANE M. HOEY AND JACK B. TATE—Resumed

Mr. SPARKMAN. I wonder if at this time you might not discuss for the committee the more important points referred to in your prepared statements.

Miss HOEY. I will be very glad to do that. It seems to me that we must agree there is some legitimate migration; that the United States was settled, after all, by migrants, including your family and mine, probably; that we do not want to have that suppressed in any sense; that where it is not possible for people to earn a living, they ought to have the right to move to another place where they can earn a living.

So if it is possible to do that in an orderly way, through the use of employment exchanges, and notifying people ahead of time where there are opportunities for earning a living, it seems to me that that is the only way in which we can legitimately control this migration.

I believe from my own long experience in the public-welfare field practically all of these people could be made an asset in any community if given the opportunity.

There are different types of migrants, of course. There are some agricultural migrants, some industrial migrants, and other people who go because of ill health, such as those who go to Arizona and New Mexico; and many of those who have had an opportunity to recover became an asset to the community in which they resided.

Likewise, it seems to me also that perhaps the problem has seemed only a problem and as a liability because there was so much migration to particular areas, like California, where you had very large numbers of people with inadequate care of them. There were health and welfare problems that arose out of that migration.

Today, with the defense industries, and with camps being set up in almost every State, every one of those States has a migrant problem.

So that I believe that now there will be a recognition that some people who come in from the outside may be an asset and desirable, and may be necessary in order to have a proper labor supply in connection with the defense industries.

It seems to me, as a matter of fact, a little more sympathetic attitude on the part of the States toward this problem is necessary because it now affects on so wide a scale all of the States.

NEEDS OF DISTRESSED PEOPLE NOT MET

In the programs which had been developed, both the Federally administered programs and the Federal grants-in-aid programs, I believe we must recognize that all of those together have never met the total needs of the people in distress; that the Work Projects Administration appropriations have never been large enough to take care of even all of the able-bodied employable people who could not find jobs in private industry; that there was another group of people where there was no employable person in the family, or where through some handicap they could not qualify for these programs. There was a large group there of both employables and unemployables, and families with no working member who have not had anything except very inadequate provision made for them, or none at all. It was left entirely to the localities.

There are some counties in the United States that have no public funds, except, perhaps, for hospital care or medical care for persons in emergency illness.

PROPERTY TAX CANNOT SUPPORT RELIEF

We have found that in most States, in practically every community, the chief source of revenue both to support all the governmental functions and at the same time to support the public-assistance programs and the general relief comes from a property tax, and that very often, in your rural area particularly, your Dust Bowl areas, and many other areas as well, that is not sufficient to support the relief program as well as to maintain necessary governmental expenditures.

There must be some assistance in financing these programs from State funds as well as local funds. I assume that that is what Congress had in mind in recognizing in our public-assistance programs that there must be State financial participation as well as local funds available where it was not a State-administered program.

Therefore I believe that if we have found it necessary in relation to the aged, and blind, and children, it would be equally necessary, if you had a general relief program, that there be some State funds in it as well as local and Federal funds.

However, 12 States have not assumed any responsibility in the general relief program in the way of financing, and it is left entirely to the communities, and that very inadequately, in most instances.

Even in our programs where the Federal act does not require citizenship for persons to be eligible, and merely says that a citizen may not be excluded if otherwise eligible, and where it says that there cannot be in excess of 5 out of 9 years of residence required for the aged and blind, the States have not taken advantage of that but have copied this maximum in the Federal act, even though Federal funds were available, if they took care of the ones that came in under the 5 years.

It seems to me that there must be some more pressure brought if those other people are to be taken care of, and there would have to be something written in terms of prohibition against excluding persons on the basis of residence if you are going to give adequate care to the residents and migrants as well in this general-relief category.

DEFENSE EMPLOYMENT LIMITED

The assumption has been in many places that the defense program would take up the labor supply, and that all employable people would be taken care of. I think that probably that is not accurate. At least it has not been the experience to date. Those have not been located broadly enough to take care of all the people, resident and nonresident employables.

The defense industries in many instances are requiring skilled workers, and we find in the general relief group that there are many people who are unskilled. The majority are unskilled or during the long period of unemployment have lost their skills.

Therefore I think even in the employable group the defense industry will not take care of all of that group.

Then, as I mentioned before, there is a whole group where they have no employable member of the family, so that the defense industry would not affect that group at all.

I mentioned in my memorandum the fact that the vocational-rehabilitation program might be extended so that more people might be trained; if not to go back to private industry, there might be supplementary jobs which they could secure. The present vocational-rehabilitation program, as I understand it, is limited to persons who it is decided can go back to competitive industry. There is another group that, if they have an opportunity to be trained carefully and placed on an individualized basis, they can be made at least partially self-supporting, if not fully self-supporting. For example, the blind group, where in one State they were trained as mattress makers and placed in State industries where previously when a mattress became soiled they had to throw it away. These people are employed to re-cover those at a saving to the State. There was a very careful training and placement of those in terms of their skills.

There has been a good deal of discussion about whether, if you had a general relief program, it might be a federally administered program and perhaps tied up with a works program. I believe that would be more desirable, since you already have State administration and local administration of the three assistance programs, than to have some members of the family cared for through a federally administered assistance program and the others through a locally administered assistance program. I think that would not be desirable. It is not quite the same with having a works program which is administered federally, because the certification as to the need is made by the welfare departments to that works agency.

ADMINISTRATION OF RELIEF PRESENTS PROBLEMS

Another suggestion which has been made is a 100-percent grant to the States to take care of the migrants. My objection to that is concerned with administration. Also objectionable is the precedent that is set by any assumption by the Federal Government of full financing of a program which is totally locally and State administered. If you did not have a program which covered the residents who are not now being cared for and who are now in need, you merely build up more antagonism toward the migrants, and therefore an attempt to classify people as migrants in order to get the 100-percent grant. So that I have some question as to the desirability of that administratively.

Also, I believe if you have a program, part of which is—that is, there is some local financing and State financing in it, and another part which is 100-percent federally financed, you get a great many problems, so it would be desirable to have the same basis for the three categories that we now have, and have a fourth category of general relief on a 50-percent basis.

Personally I feel also that the States and localities have a great deal more sense of responsibility as to who goes on the program, as to setting up restrictions and standards if they are partially financed in the States as well as getting a Federal grant.

The question is, of course, that whatever you do, if you give even a 100 percent grant, there is a greater urge for States to pass appropriate legislation to match the Federal act. But even with a 50-percent grant, in a 5-year period, the States have taken advantage of it; all but 8 of them have taken advantage of our 3 programs.

The old-age assistance is, of course, a more popular program. There are more people who are old and articulate about their needs, so we have had for nearly 3 years 51 units for the aged program and 43 for the blind and the children. I think the States would undoubtedly take advantage of a fourth category and pass appropriate legislation fairly quickly because of the great drain this is on their resources.

The only question is in those States where you have very limited funds and there seems little possibility of their being able to finance on a broader basis, even if there were 50 percent Federal funds available.

Mr. Sparkman. Miss Hoey, I am particularly interested in that part of your statement having to do with the participation of the Federal Government. You would recommend a straight-out matching basis?

Miss Hoey. Yes.

Mr. Sparkman. Just as you have in all of the other 3 categories now?

Miss Hoey. Fifty percent on cost of administration and assistance up to a maximum.

Mr. Sparkman. You have just made reference to the fact that the old-age assistance was your most popular one. Perhaps you can tell the committee much more accurately than I, but as I recall, in my own State, which is of course one of those that you might call of low economic opportunity, the amount of participation in the old-age assistance I believe is an average of a little less than $10 a month.

Miss Hoey. In Alabama?

Mr. Sparkman. Yes.

Miss Hoey. Yes.

Mr. SPARKMAN. To those to whom anything is paid. As a matter of fact, I believe that only about one-third of those that should be getting that old-age assistance are getting it at all.

Miss HOEY. That is true.

Mr. SPARKMAN. Do you believe that my State could participate on a 50–50 basis?

NEW GRANTS FOR LOW-INCOME STATES

Miss HOEY. That is what I mentioned, that I think there must be additional Federal funds to the States where they have low economic resources.

Mr. SPARKMAN. I did not quite understand you to include that in this discussion. I was anxious for you to include it.

Miss HOEY. I did not mention the variable grant. I said that they could not take advantage, you see, even though there was a Federal matching of 50 percent, because of low economic resources. My answer would be a variable grant, which I did not indicate before.

Mr. SPARKMAN. I am sorry I missed that. I was very anxious for that to be in the record.

Miss HOEY. Yes.

Mr. SPARKMAN. I believe, as a matter of fact, that is the recommendation of the Social Security Board as to the other three categories, is it not?

Miss HOEY. Yes. We have made that repeatedly.

Mr. SPARKMAN. Twice, I know.

Miss HOEY. Yes.

Mr. SPARKMAN. And probably you will make it a third time this year.

Miss HOEY. We will.

Mr. SPARKMAN. I hope you keep it up.

Miss HOEY. You see, we see no other way of adequately financing those programs. I think it is interesting, however, that out of the 2,000,000 aged that are now receiving assistance, the average grant, the national average is $20 a month; that 1,000,000 get $20 or over, and that one and a half million get $15 a month or over, which is fairly good.

Mr. SPARKMAN. That includes both State, local, and Federal, that $15 or $20?

Miss HOEY. Yes. It is 279,000, to be exact, who get $10 a month or less. So that I think that is fairly good as to distribution in terms of amount, nationally. That small group that gets less than $10 is in the southern States.

Mr. SPARKMAN. Of course, that does not reflect the true condition, either, that I just mentioned, that probably more than half—in fact, a couple of years ago, when I was making a little study of that in my own district, I came to the conclusion that only about one-third of the eligibles were receiving anything at all.

Miss HOEY. That is perfectly true in those States even where they have low grants; there are long waiting lists. In one State we have doubled the number on the waiting list of those that are actually getting assistance. There are about 200,000 aged people in the United States who are on the waiting list with about 2,000,000 getting help.

Mr. SPARKMAN. Last year we passed an amendment to the Social Security Act raising the amount of the Federal participation to $20 a month, rather a futile gesture for a great part of the country, do you not think so?

Miss HOEY. Yes; although I think it has made a noticeable difference in some States where they have more adequate resources and can take advantage. But those are already the better-to-do States.

UNSKILLED MIGRANTS SEEK DEFENSE JOBS

Mr. SPARKMAN. You speak of the migration of individuals in connection with the national-defense program. Have you any information that might indicate whether this migration is largely of employable persons or are there a great many persons who are going into those sections in the hope that they might find employment?

Miss HOEY. I think there are a great many who are going there just in the hope of getting employment. Some may be more competent to do the jobs than others; others are not competent, not only in terms of skills, but actually not able to do it; they are too old, or for some other reason are handicapped. We have no figures that would show that migration, because it is a very rapid thing.

In the Norfolk area, 2 months ago, they had 35,000 that had suddenly come in. It is very hard to keep track of that.

Our general impression is that, of those people who are going, quite a great many are unskilled, and, therefore, if the defense industries call for skilled workers they will not get jobs, although they may get supplementary jobs in restaurants, rooming houses, or other places where these people have to live, but not actually in the defense industry itself.

Mr. SPARKMAN. Is it contemplated that most of these people are going to settle down in these areas, or do you think they are there just for a short time?

Miss HOEY. We have little way of knowing. If there is an opportunity of earning a living, they are going to stay; if there is not, they will go on somewhere else.

Mr. SPARKMAN. If they do, when this boom era is over there is going to be quite a headache in those particular communities, is there not?

Miss HOEY. A very serious problem.

Mr. SPARKMAN. You recommend that a great number of persons might be trained for partial work.

Miss HOEY. Yes.

Mr. SPARKMAN. You mentioned one occupation—mattress making.

Miss HOEY. Oh, that was a mere incident illustrating the case of handicapped persons.

Mr. SPARKMAN. I just wonder if you can give us an idea of some other occupations that they might be trained for?

Miss HOEY. It is not a question, I think, of the type of job you can train a person for. I personally have had a good deal of experience in relation to prison industries, and we found that we could not possibly compete in training people on a particular machine because we could not keep up with the modern machinery in industries. But what you can do is to train them. They are hand-minded and you can teach them to do something with their hands. Find out what their interests are, what their aptitudes are by certain group tests of those people, and then see what kind of things you can train them for. It is not a specific job.

I think it is an expensive thing to do, but I think it is much less expensive than to support these people on relief for the rest of their lives, that you really do something in terms of considering them as a rehabilitation problem rather than simply as a problem of support.

FOURTH CATEGORY OF SOCIAL SECURITY

Mr. Sparkman. With reference to the fourth category that you recommend, as I understand, that would cover the whole field of general relief.

Miss Hoey. Residents and nonresidents?

Mr. Sparkman. Yes. In other words, the migrant relief would be just one feature of that?

Miss Hoey. Yes.

Mr. Sparkman. Do you think that such a program, put into effect, would cause the States to change their laws so as to fit in? I have in mind particularly the settlement laws that you mentioned.

Miss Hoey. I think you would have to make the granting of Federal funds conditional upon the States either having no residence law at all or having a maximum of, say, a year or 6 months.

Mr. Sparkman. I wonder which you would recommend.

Miss Hoey. I would recommend, first, the elimination of any settlement law, if I had my choice. But I do not know whether that is possible. But I would certainly make it a maximum of 1 year for gaining residence and for losing residence; that is, that the person would not lose his residence until he had been gone from the State a year.

Mr. Sparkman. Miss Hoey, I was interested in one of the tables in one of your supplements having to do with the settlement laws.

Miss Hoey. Yes.

POOR STATES' RESIDENCE REQUIREMENTS LOW

Mr. Sparkman. I noticed that there were only two States that required a 6 months' residence; that is to say, not more than a 6 months' residence. Those States were Alabama and Mississippi. I noticed that a great many of the wealthier States had a stricter residence law. I just wonder what the explanation of that is, why those States which are best able to handle the problem require a long residence, whereas those States having the greatest struggle provide for a shorter residence or settlement period?

Miss Hoey. I think those States have been fearful of the migrants who have been coming in. They came, as in California, because of the weather that we have heard about.

Mr. Sparkman. Just heard about?

Miss Hoey. Well, it has been broadcast, as it were. They come in for that reason and because they know that they would save money in the cost of living, perhaps, because they would not need fuel and all the other things. And those States, in defense, have put up their residence laws.

Mr. Sparkman. In other words, they have put up the barrier in self-defense.

Miss Hoey. Yes. They have unfortunately, in some States, appealed for workers to come in when they needed them for a short period; in the farming industries, particularly in the harvesting of the crops. Then at the end of the period they felt they had no obligation concerning the care of those people.

Mr. Sparkman. You stated that in 40 States, I believe it was, of the 48 States, provision is made for the care of transients on a relief set-up. I wonder to what extent that relief is given?

Miss Hoey. I think that was overemphasis, and I regret having made that statement, because it gives, perhaps, a false impression. When we say that 40 States paid some attention—that is really what I should have said—that meant that perhaps one area in a State did that. It does not mean that all parts of the State give any help. It means any assistance at all, even to providing gasoline to get to the next town. Those were included within the 40.

Mr. Sparkman. In other words, what you really mean is that there are 8 States in which there is no attention given to that.

Miss Hoey. There is not even the gesture, and in a lot of the other 40 States it is just a gesture, in order to get rid of the people, by housing them in jails overnight, or that kind of thing. But it is just any kind of care at all, and in most of them it is certainly very inadequate care.

Mr. Sparkman. I know that the State welfare directors in several different States have told us very frankly that, while they would like to give that kind of relief, they could not reasonably be expected to do so, when they could use that dollar on one of the other categories and have it go twice as far.

Miss Hoey. That is true, or to take care of the residents for whom they have a greater responsibility, as they felt. There is no reluctance, I believe, on the part of such State administrators to give assistance to these people if they had the resources with which to do it. They would give adequate care and would be glad to give it, if they had the resources.

GENERAL RELIEF FOR SHORT PERIODS

Mr. Sparkman. Is it your belief, as the result of your own experience, that it is impossible to carry out a State-assistance program for migrants without strengthening it from the general relief program?

Miss Hoey. I think it is impossible and undesirable to do so.

Mr. Sparkman. In other words, it must go along as part of the general relief program?

Miss Hoey. That is my personal opinion. I think it would be unfortunate to make a provision for residents as against nonresidents, because greater antagonism would come from the nonresidents, and it would create a greater cost.

Mr. **Sparkman**. I notice in your statement you refer to the fact that the W. P. A., P. W. A., N. Y. A., and C. C. C. programs have been unable to absorb all of the able-bodied unemployed persons in need of employment. As a matter of fact, they never will and cannot be expected to, can they?

Miss **Hoey**. I do not think so. Furthermore, for people, some of them, who are unemployed for short periods, the work program is unsuitable. You cannot develop good projects for people who are going to be on today and off tomorrow. You have to consider them as being employed for a fairly long period, and, if you are going actually to attempt that, you cannot have, generally, a lot of changes. So I believe a general relief program for people unemployed for short periods is much more suitable than a work program.

Mr. **Sparkman**. Has the Social Security Board made any estimates or studies as to what the cost of a general relief program would be, on such a basis as you recommend?

Miss **Hoey**. The Research Bureau has made some studies on that. It is not a very adequate basis, because we do not know how quickly the States would take advantage of any such Federal program. As you know, this year 44 legislatures are in session. If something went through the Congress before those went home, you might get something enacted but, if not, as to those States that only have their legislatures meet every 2 years, there would be quite a long period before they would be able to enact legislation to take advantage of it. So that I think, based upon the need of all the States taking advantage at one time, our Research Bureau estimated something like $250,000,000 the first year. I could supply you with some additional data from our Research Bureau in relation to that.

Mr. **Sparkman**. I believe that would be very helpful, if we could have that.

Miss **Hoey**. I will be glad to furnish it.

(The following memorandum was received later from Miss Hoey and accepted for the record:)

December 13, 1940.

Miss Jane Hoey,
Director, Bureau of Public Assistance.

Anne E. Geddes,
Chief, Division of Public Assistance Research,
Bureau of Research and Statistics.

Tolan committee's question on cost of extending general relief program

This is in reply to your memorandum of December 7.

We suggest that no change be made in the estimate of $250,000,000 which you gave in your testimony before the Tolan committee as the cost to the Federal Government of a general-relief program in the first year of operation, assuming 50 percent matching and provision for both resident and nonresident cases.

It is extremely difficult to estimate the cost of a general relief program in the absence of detailed specifications concerning conditions of eligibility and types and amounts of aid to be provided. For example, would medical care be provided under the general-relief program as under the Federal Emergency Relief Administration program? Would hospitalization be provided? Payments for this type of aid were not matched by the Federal Government under the Federal Emergency Relief Administration. Would these services be available only to persons receiving subsistence care or would they be available also to the medically needy? It is also difficult to make cost estimates without assumptions as to the probable size of the Work Projects Administration and surplus commodity and stamp plan programs and as to general economic conditions. Needs for general relief are greatly affected by the phase of the business cycle. If specifications were set up for a general relief title, estimates might vary substantially from the figure which you quoted, but until such specifications are set forth it does not seem feasible to make more precise estimates.

In the 12-month period, November 1939 to October 1940, expenditures for general relief, exclusive of medical care and hospitalization and also of administration, amounted to $409,000,000. At this level of expenditure the Federal share would be approximately $205,000,000. The availability of Federal funds for general relief would of course greatly stimulate growth in the volume of payments, but there would be some lag between enactment of a general relief title and enactment of State legislation and the approval of State plans to permit States to take advantage of Federal funds. The extent of the lag would depend upon the specifications of the Federal act, particularly with respect to eligibility. If the provisions of the Federal title were broad, little amendment to State legislation would be required. The States would hasten to qualify because of the incentive to benefit from Federal funds.

Annual expenditures for administration of general relief are now approximately $60,000,000. At this level of expenditure, the annual Federal cost for administration would be $30,000,000. With Federal participation in the general-relief program, there would be sharp increase in the volume of administrative expense; but lag between enactment of Federal legislation and approval of State plans would to some extent retard the growth in such expenses in the first year of operation by agencies with approved plans.

It is doubtful whether the $250,000,000 estimate is large enough if it is intended to cover medical care and hospitalization. In 1940 it is estimated that expenditures of general relief agencies for medical care and hospitalization, exclusive of amounts intended for these services and included in cash grants, will be roughly $30,000,000. If there were Federal participation in payments for medical care and hospitalization, expenditures for these services would rise enormously, even in the first year of operation. At present these services are provided in whole or in part in many States under programs other than the general-relief program. The availability of Federal funds for medical care and hospitalization would result in some shifting of these services to the general relief agency.

We have no basis for estimating the cost of care for the migratory and nonresident groups. Again the estimates would depend upon the types of care to be given and particularly upon whether the general-relief program would embrace institutional and camp facilities for migrants. The costs would also depend upon whether the Work Projects Administration and Farm Security Administration were to discontinue care for these groups.

Mr. Falk is now preparing a memorandum giving crude estimates of Federal matching of general relief which may supply you with the type of data in which you are interested. A copy of this memorandum will be sent to you as soon as it is completed.

ANNE E. GEDDES.

TESTIMONY OF JANE M. HOEY AND JACK B. TATE—Resumed

Mr. SPARKMAN. Let me ask you this: How many States have taken up the old-age assistance program? Any of them?

Miss HOEY. For the last 3 years, they have. That includes Hawaii, Alaska, and the District of Columbia.

Mr. SPARKMAN. For what?

Miss HOEY. The last 3 years. Every one has been in the 51 units for the last 3 years.

Mr. SPARKMAN. Fifty-one units; they include the Territories and District of Columbia?

Miss Hoey. The Territories and the District of Columbia; yes.

Mr. Sparkman. What about State old age?

Miss Hoey. Only 43 States; some of those larger States, like Illinois, have never taken advantage of the Federal act.

Mr. Sparkman. Forty-three?

Miss Hoey. Forty-three of those jurisdictions.

Mr. Sparkman. That is, there are 51 jurisdictions, and 43 of them have taken advantage?

Miss Hoey. Yes, sir.

Mr. Sparkman. Is that the third category, or does that go into the same one as aid to dependent children?

Miss Hoey. No; there are three categories—blind, aged, and dependent children.

FARM SECURITY PROGRAM HELPFUL

Mr. Sparkman. You have not mentioned and I do not know whether I should ask you, or not, but in any kind of relief program such as you recommend would you recommend the extension or expansion of the farm security program, the surplus crop marketing program—I have reference particularly to the food stamp plan—and the rural rehabilitation program of the Farm Security Administration?

Miss Hoey. The food stamp, if I may take that first, has been very helpful, particularly in the States where the grants were low, in supplementing public-assistance grants as well as in supplying help. It has been used by the State agencies to supplement the low grants in many States, or to take care of the group on the waiting list as well as the general relief group.

There needs to be, it seems to me, on the local level and on the State-Federal level, closer cooperation of the farm security and public-assistance programs, because they, in some instances, are giving relief to farm families, and that needs to be coordinated in the same county with the public welfare administration programs. I think there is no conflict there. In other words, they are taking care of a group that the local relief administration did not have an opportunity to take care of. The loan program is not equipped to do that and I think, in that instance, it has been very helpful, and some of the loans may become a dead letter and assistance should be granted. Therefore, that needs to be closely coordinated with Federal relief.

Mr. Sparkman. In other words, you would recommend, as I understand, that the Farm Security Administration function in a supplemental capacity?

Miss Hoey. I do not know who would supplement what.

Mr. Sparkman. Each agency would be supplemental to the other?

Miss Hoey. Yes.

Mr. Sparkman. Because that family that is breaking up the farm and moving into town is going to become your client?

Miss Hoey. Yes.

Mr. SPARKMAN. And if the Farm Administration cannot keep them out on the farm, making a living as an independent unit, it means they will move to town?

COORDINATE FARM AND RELIEF PROGRAMS

Miss HOEY. Yes. On the other hand, the Public Welfare Administration is taking care of a great many farm families also, so that those two programs need to be very closely coordinated. That is on a line that has a different basis than assistance. But I believe the one agency ought to give assistance, and not two.

Mr. SPARKMAN. I was just noticing an article in the paper last night to the effect that the food-stamp plan has spread to 203 communities, I believe it is.

Miss HOEY. Yes.

Mr. SPARKMAN. It would be your thought that, functioning as it does, certainly there would be a great many more communities through the years that could use it with profit?

Miss HOEY. Yes. My field staff happens to be in at the moment and we met yesterday with the field staff to create cooperation, because there is in some measure a conflict between our bodies. In the food-stamp plan, you are trying to get a consumption of surplus products; in our program, we are trying to see that these people get money that they can use in any way they please. In other words, if they get a $12 food budget, if this week they want to spend $10 for food and $2 for shoes, we think they should be able to do that; in other words, we ought to try to have families getting assistance living as normally as any other family in the community. Now, the food-stamp people are saying, "You must spend so much for food in order to get these stamps." We have said, "You must have no restrictive payments." Mr. Tate will speak on that, he being the general counsel and interpreting the Federal law for us. The food-stamp people are saying "You must spend this amount for food, or you cannot get these blue stamps." So there seems to be a conflict there and we have discussed that to see if we cannot work out what is best for both, without having the one program contravene the other program.

Mr. SPARKMAN. Of course the cotton stamp plan, which has been experimented with, would take care of some of them.

Miss HOEY. Yes. This only takes care of the food-stamp plan and cash assistance which is in accordance with the Federal Act, and must be.

Mr. SPARKMAN. Do you think it might be extended to cover necessary clothing?

Miss HOEY. Yes. Although, again, the objective there is simply to get rid of surplus foods. My understanding is that is their objective, rather than to provide a balanced diet, or to provide adequate clothing for people. It should be always supplemental; there should be a planning for the family in terms of their needs. If you can utilize these other programs in doing that, so much the better; but do not try to change your program in order to meet the needs of that program.

Mr. Sparkman. Mr. Chairman, I wonder if I might ask Mr. Tate one question?

The Chairman. Certainly.

Mr. Sparkman. I just wondered, Mr. Tate—I am through questioning Miss Hoey—if there is any point we have mentioned that you differ with, or have a little different interpretation to give?

Mr. Tate. Not substanially. I think what Miss Hoey says about a general category relief program that treats the migrant as part of the whole program is entirely right and proper. I think the migrant problem is an aspect of the relief problem and I think it is entirely proper there should be a fourth category in this general relief group and it becomes all the more necessary then to move your age and your residence requirements down from the present requirements of the Social Security Act, which permits an exclusion where there is a residence below any 5 years out of the past 9, to at least 1 year.

AID MIGRANT ACCORDING TO NEED

I agree with Miss Hoey it is desirable to get away from that altogether and have the assistance payments made where the man is, in accordance with his need there.

I do not entirely agree with Miss Hoey on the question of degree or the feasibility of the 100-percent Federal grant for the group under 1 year. I think it would have to be very carefully safeguarded in order to prevent the enticement of people from places where assistance payments are low to places where they are high. Obviously it would create a greater problem than exists even now. I think you could do that by some method of safeguarding and, of course, you would always have the administrative problem of preventing the loading of the less-than-1-year-residence group, in order to get 100-percent Federal funds, instead of using 50 percent of State funds.

Mr. Sparkman. Miss Hoey, do you want the last word on that?

Miss Hoey. We often disagree, but it is a very friendly debate. You see, I have to administer; he only has to advise me on the law. So that while I think it might be done, I think Mr. Tate would agree a general relief program is more desirable which includes residents and nonresidents.

Mr. Tate. Oh, yes.

Miss Hoey. If we could not get that, what else could we get?

The Chairman. Mr. Tate, I suppose you know that this is the concluding hearing of this committee. We have had seven field hearings in various States, and the purpose of these hearings here is to fill up any gaps that might appear in the record when we come to write our report. So that we have prepared some questions here that I desire to present to you for that very purpose—for the record purpose, don't you see?

Mr. Tate. Yes.

DEFINES DOMICILE, RESIDENCE, SETTLEMENT

The Chairman. And I will read them to you now and then you will kindly give your answers.

In our hearings over the country, the committee has become cognizant of some peculiar situations which have arisen as the result of legal interpretations of various constitutional and statutory doctrines dealing with citizenship, domicile, residence, and settlement. Your statement, which will be inserted in the record in full, treats with all of these questions. I wish you would at this time discuss the legal difference between "domicile," "residence," and "settlement."

Mr. TATE. Mr. Tolan, I think we ought to recognize right in the beginning that these terms—domicile, residence, settlement—are not absolute terms; they may have different meanings in different contexts. You may have one residence for purposes of taxation; you may have a different residence for purposes of divorce, or a different residence for purposes of relief, say. Roughly, I think you can say this, that domicile is a place where you expect to stay permanently. Then, as to "settlement," I think it should be pointed out that it is entirely a creature of statute and it depends on the statute as to the meaning. Usually, it means approximately the same thing as "residence"; that is, the place where you are at present and have no intention of departing from, plus the condition that no public relief may be received during that period that is set forth in the settlement law.

I think there has been a great deal of discussion in the committee, from what I have read in the papers, of the various settlement laws in the different States. If any such remedy of the problem as Miss Hoey and I have suggested were adopted, that problem of the various State settlement laws would become irrelevant. In other words, if you are making grants to States for general relief covering these groups, you undoubtedly would condition that grant on the abandonment of a great many of these restrictive provisions in the diversity of settlement laws.

Mr. PARSONS. Mr. Chairman, may I ask a question on that?

The CHAIRMAN. Certainly.

Mr. PARSONS. Do you advocate, as Miss Hoey does, the abolition of all settlement laws?

Mr. TATE. For the purpose of granting assistance, yes.

Miss HOEY. We mean there restrictiveness only in relation to that. You may need them for other purposes, but I was speaking only in relation to grants of assistance.

Mr. PARSONS. But you both advocate the abolition of the settlement laws in the treatment of the relief problem?

Mr. TATE. As a condition to receiving relief.

Mr. PARSONS. And why do you so advocate?

Mr. TATE. Of course the settlement laws go back a long way. Miss Hoey was asked a while ago why certain States had very restrictive settlement provisions, and I think she pointed out quite properly that one of the reasons is that those States that have the more restrictive provisions are apt to be those States into which people migrate and in which the problem is more acute. It may also be pointed out that another reason is, in a great many States that have those restrictive provisions, it is very largely traditional; it is copied from the old English poor laws that go back several hundred years, and it is a case of one county creating a relief problem to another county.

RELIEF A NATIONAL PROBLEM

It seems to me this relief problem has more and more become less of a county problem, or even a State problem, and has become a national problem and it seems to me, as a national problem, it requires to a large degree the abandonment of those restrictive provisions of settlement laws.

Mr. SPARKMAN. As I understand the recommendation of both of you it is simply this, that the Federal Government's participation would not be based upon any settlement laws?

Miss HOEY. That is right.

Mr. SPARKMAN. Of course, if a State wanted a settlement law for the administration of additional relief of its own, that would be all right; but you would set up a program providing that the Federal Government would not participate on any such basis?

Miss HOEY. That is right

The CHAIRMAN. And that answer is based, I take it, Mr. Tate, on the proposition that we are all citizens of the 48 States and, being an American citizen traveling between those States, if you are in one and need relief, there ought to be no State barriers?

Mr. TATE. Yes.

The CHAIRMAN. That is the reason back of it?

Mr. TATE. Yes.

The CHAIRMAN. In your statement, you recite that five States in 1939 tightened State requirements for settlement; that is, those States are really tightening up on their obligations. Have you noticed a trend to tighten up on residence requirements for, say, getting a divorce; or is the tendency in that instance to lighten the residence requirements to induce business into the State? Take Nevada, for instance.

Mr. SPARKMAN. Do you mean to include divorce and relief laws in the same category?

The CHAIRMAN. It is just the difference in causes.

Mr. TATE. I suppose it is a very natural and human tendency, when you are getting something, to put less restrictions on it than when you have to hand out something. Obviously, looking back over a period of years, the divorce laws have become much less restrictive. Some States have, I believe, announced they get business through their divorce laws.

The CHAIRMAN. That is activated by the dollar, is it not?

Mr. TATE. Certainly.

STATE INVOKES MIGRANT DIFFERENTIAL

Mr. OSMERS. Would you say along those lines, Mr. Tate, that the Florida situation is rather a good example of a State seeking desirable migrants and excluding undesirable migrants? I refer to their policy of advertising with the taxpayers' money to encourage people to come to Florida, and stopping people at the border if they suspect they may become public charges.

Mr. OSMERS. Yes. Obviously the State wants to receive the benefits from the more well-to-do migrants and, obviously, does not want to undertake the obligation of the less well-to-do migrants, where they would have to assist in their support.

Mr. OSMERS. From a purely legal standpoint, what is your opinion of the Florida situation as respects the stopping of people at the border?

Mr. TATE. Mr. Congressman, that raises a very difficult question and that I do not know can be answered with any degree of authority at all. I depends on a balancing, as I read the cases, between two constructions of these constitutional privileges—the commerce clause privileges, the immunity bars, and so forth and so on—of giving them a wide interpretation, as against the traditional concept, that a State may prevent, any political unit may prevent, a drain on itself, in an emergent situation. And where that balancing takes place in a particular case is very hard to say; it is particularly hard to say here, because the people we are talking about are not people, however litigious they may be (and nobody knows much about that), who can fight their way through the courts, and it is interesting to me that there is no appellate decision of recent years on this question.

Mr. OSMERS. Would you refer to the decision, speaking, of course, as a layman, of the New York State Court of Appeals in the so-called *Ohio Deportation case*, as an appellate decision affecting that question?

Mr. TATE. Yes.

Mr. OSMERS. That did not affect the constitutional side of the case, and that was the pith of it?

Mr. TATE. The constitutional side of the case may be presented, and as a matter of fact today I understand that that case is being presented to the District Court in New York. That is the *Chirillo case*?

Mr. OSMERS. That is the *Chirillo case.* Is that being presented on constitutional grounds?

Mr. TATE. On the constitutional grounds.

Mr. OSMERS. I am glad to know that, because a lot of us interested on the constitutional side of it were very much disappointed that the Court of Appeals made no decision.

Mr. TATE. No. They went off on a construction of the statute.

FLORIDA-CALIFORNIA RIVALRY

Mr. PARSONS. Have you noticed, Mr. Tate, whether there is any rivalry or competition in the importation of desirable migrants between California and Florida?

Mr. TATE. I think all the States like to get desirable migrants; they like to increase the average income in the State. I think it is not a situation limited to Florida and California, although undoubtedly rivalry exists there and is more pointed there than in other States.

Mr. PARSONS. Well, California does do a great deal of advertising, does it not, for desirable migrants?

Mr. TATE. Certainly.

Mr. OSMERS. New Jersey is the only State in the Union that welcomes both the well-to-do and the indigent.

The CHAIRMAN. I want to say, Mr. Tate, being from California, I have got this all through the country. I was just thinking about these destitute migrants going into various States. My home State of California would not dare think of raising a barrier against the importation of oranges from Florida, would she, or vice versa, because they would retaliate, would they not; but destitute citizens, of course, are a different proposition. Do you know, Mr. Tate—probably you do—that many of our States in the Union make it a misdemeanor to transport destitute citizens across State lines, and South Dakota makes it a felony, and a penitentiary offense?

Mr. TATE. Yes. I think I point out in my statement the South Dakota and North Dakota case in which the judge that rendered the opinion was very firm.

Mr. CURTIS. At that point, may I ask this question: Is it not true, though, if you inquire into the historical background of those statutes—and they are all old—that was for the protection of the destitute person? In other words, one State cannot dispose of the relief problem by trickery or the purchasing of railway tickets and bodily transporting people and loading them off onto another State. I do not think it is a barrier against the destitute person as much as it is for the protection of him, when those laws were enacted.

Mr. TATE. That undoubtedly, Mr. Congressman, was one of the motives. However, I think it is also true that the State to which the person moved did not want to assume the obligation that it did not feel was its obligation. The second jurisdiction felt he was "not one of our people; why should we support him?"

Mr. CURTIS. I think that is true.

AGENCIES SIGN TRANSPORTATION AGREEMENTS

Miss HOEY. For many years, Mr. Congressman, the social agencies have signed a transportation agreement, as we called it, that we would not transport one person to another place until that other community agreed to accept the person and provide for him when he got there. So that we have tried to stop just that kind of passing on an individual. Yet it is done, as you know; I mean a person being given just enough gasoline to get on to the next community, whether that was across State lines, or not.

The CHAIRMAN. Another residence provision which has interested me is the one used by the various States when they levy inheritance taxes. I remember that last year we had three States (Texas, Florida, and Massachusetts) fighting in the Supreme Court of the United States over whether or not Colonel Green was a resident of their State because they wanted something out of Colonel Green's estate. Have you ever heard of three States claiming a migrant at the same time, for the purpose of paying him relief? It would almost make one think that there is one law for the rich and another law for the poor.

Mr. TATE. No; I have never heard of that. I think the States were very anxious to get the tax on the Hetty Green estate.

The CHAIRMAN. But they do not feel that way about migrants.

Mr. TATE. And they feel they have nothing to gain from migrants.

The CHAIRMAN. Now, the acquisition of settlement in most States is dependent on a period of self-supporting residence. In your statement, you mention the fact that W. P. A. may be considered relief and, as such, a bar to the acquisition, if a State statute so provides. Congress could provide that W. P. A. would only be made avaialable to States that considered W. P. A. self-sufficient employment for the purpose of acquiring settlement. Would you recommend that kind of a provision?

Mr. TATE. Yes; I would. I think Congress, of course, could put a condition on those grants, and would so recommend, and some of the States do recognize them as not creating a settlement difficulty; some do not.

SUFFRAGE NOT FOR INDIGENT

Mr. OSMERS. Mr. Tate, in my State of New Jersey, we have an ancient provision on the books which deprives paupers, in the old sense of the word, of a vote in any election. Do you happen to know how many States of the Union have a similar regulation?

Mr. TATE. No; I do not. Of course a good many of the States have a poll-tax provision that may work the same result.

Mr. OSMERS. Of course the poll-tax provision would make the payment of a poll tax a requirement for voting, but that would not have anything to do with being a pauper, because someone could hand him the amount of the poll tax and he, in turn, would pay it. That would not change his situation in the community.

Mr. TATE. It might or might not. I mean if he did not have it and no person handed him the money, obviously he could not vote. If he had the money, he could.

Mr. OSMERS. We have repealed in New Jersey our poll tax and left the other requirement. Of course, it is not enforced. The Tax Commissioner has investigated the subject in New Jersey and recommended that it should be enforced, and it created a great storm, as you can imagine. But what would your feeling be toward that type of statutory limitation on voting.

Mr. TATE. I would be unsympathetic with a provision that you could not vote if you were a pauper.

Mr. OSMERS. You would be unsympathetic to such a provision?

Mr. TATE. Yes.

Mr. OSMERS. That is my feeling, too. I think it should be taken off the books.

The CHAIRMAN. These settlement laws have highlighted for us the attitude of the various States toward destitute citizens of sister States. I know that you are familiar with the provision in the Articles of Confederation of 1777, which stated:

> The better to secure and perpetuate mutual friendship and intercourse among the people of the different States in this Union, the free inhabitants of each of these States—paupers, vagabonds, and fugitives from justice—shall be entitled to all privileges and immunities of free citizens in the several States; and the people of each State shall have free ingress and egress to and from any other State.

That provision, fortunately, was rewritten before it was inserted into our present Constitution. But the States themselves have erected the wall barring interstate movement of destitute folks in many instances through the power of the States to exclude or expel. I wish you would discuss those powers of the States more fully and highlight the Constitutional aspect involved.

Mr. TATE. Well, I think it is interesting to refer to the legal confederation. I believe that it was in the *Wheeler case*, the case of *United States* v. *Wheeler*, that Chief Justice White by dictum indicated that article IV, section 2, the privileges and immunities clause, was pretty much a carry-over provision, and that you could look to that provision for the meaning of the privileges and immunities clause. However, I do not believe we should admit that as a flat decision. This section should be considered in connection with other provisions, the due process provision, the privileges and immunities provision, the interstate commerce clause, etc. As I indicated a few moments ago, it is very difficult to indicate any straight line of decision on it, because there has been a paucity of decisions in this type of cases. Orders of expulsion, I think, have been sustained. The privileges and immunities clause, I think, has been somewhat broadened in recent years. The *Hague case* indicated a broadening so far as privileges and immunities are concerned, followed by retractions at the last term to some degree. I think you will find the decision in those cases in balance with this historical basis of settlement that went back to our Constitution, and also appearing in the laws of England, and is to be weighed against the emergency need under which the State is acting.

MIGRANTS LIVE IN LEGAL LIMBO

The CHAIRMAN. Mr. Tate, with the settlement laws as they are, is it possible for a man to exist in legal limbo—that is, to lose his settlement in one State before he has acquired it in another. That makes his status as a citizen of a State meaningless, and he has to fall back on his dual citizenship as a citizen of the United States. Is that correct?

Mr. TATE. Yes, sir.

The CHAIRMAN. Many witnesses before this committee have recommended that a new category be included under the Social Security Act to provide for some form of relief, either by grants-in-aid to the States or by a direct relief program, to take care not only of those people who have no State responsible for them, but for all relief cases. I believe you have covered that.

Mr. TATE. Yes, sir; I think that is highly desirable.

The CHAIRMAN. Assuming that Congress decides to do something about it, what would you suggest as a workable solution of this problem?

Mr. TATE. As I indicated in my previous remarks, I think you should have a general relief category, and that you should have as a condition to the grants to States the abolition in large part of residence restrictions. Then, as Congressman Sparkman indicated a while ago, in order to help States that are not in a financial condition to carry it out, there should be some variable grants.

The CHAIRMAN. In other words, it does not help the morale of this country when you have old people in Alabama and Mississippi receiving $10 or $9 per month, while in another State they are receiving $30 per month. The old people in States where they are getting a lesser amount are just as precious as those living in States where they are getting a larger amount?

Mr. TATE. Yes, sir; that is true.

The CHAIRMAN. And I understand you have been working toward that end.

Mr. TATE. Yes, sir.

Mr. CURTIS. Some States can afford a larger amount and some other States cannot. What is the basis?

STATE INCOME CORRELATED TO PAYMENTS

Mr. TATE. It is very interesting to me in comparing the figures to note the average per capita income of the State as compared with the average amount of the grants. You will find a close correlation there. In some States where they have old-age assistance, they will give what they can. For instance, you will find that States like New York, where they have a relatively high per capita income, the grants are high, while in States like Mississippi, with a relatively low per capita income, the grants are low. I think you would have to have some relation to the average per capita income in working out the variable grants.

Mr. CURTIS. Is that true of all the States?

Mr. TATE. I do not say it is true of all the States, but I think it is generally true of the States.

Miss HOEY. The District of Columbia and the two Territories would be the exceptions. It would not be true of the District of Columbia, Hawaii, and Alaska.

Mr. CURTIS. I think one witness this morning disagreed very emphatically on that particular point.

Miss HOEY. Did he recommend a substitute for it?

Mr. CURTIS. No; he made no attempt to do that.

Miss HOEY. I think this is what he referred to: If you compare the per capita income of the State to the Federal per capita income, we may have a basis for granting Government funds to the States, but there is nothing that has been worked out as a basis of distribution of funds from the State to the local communities in the States. You cannot apply the per capita income rule to a county or local subdivision. We have recommended that the need in the county determine the distribution by the State level down to the county.

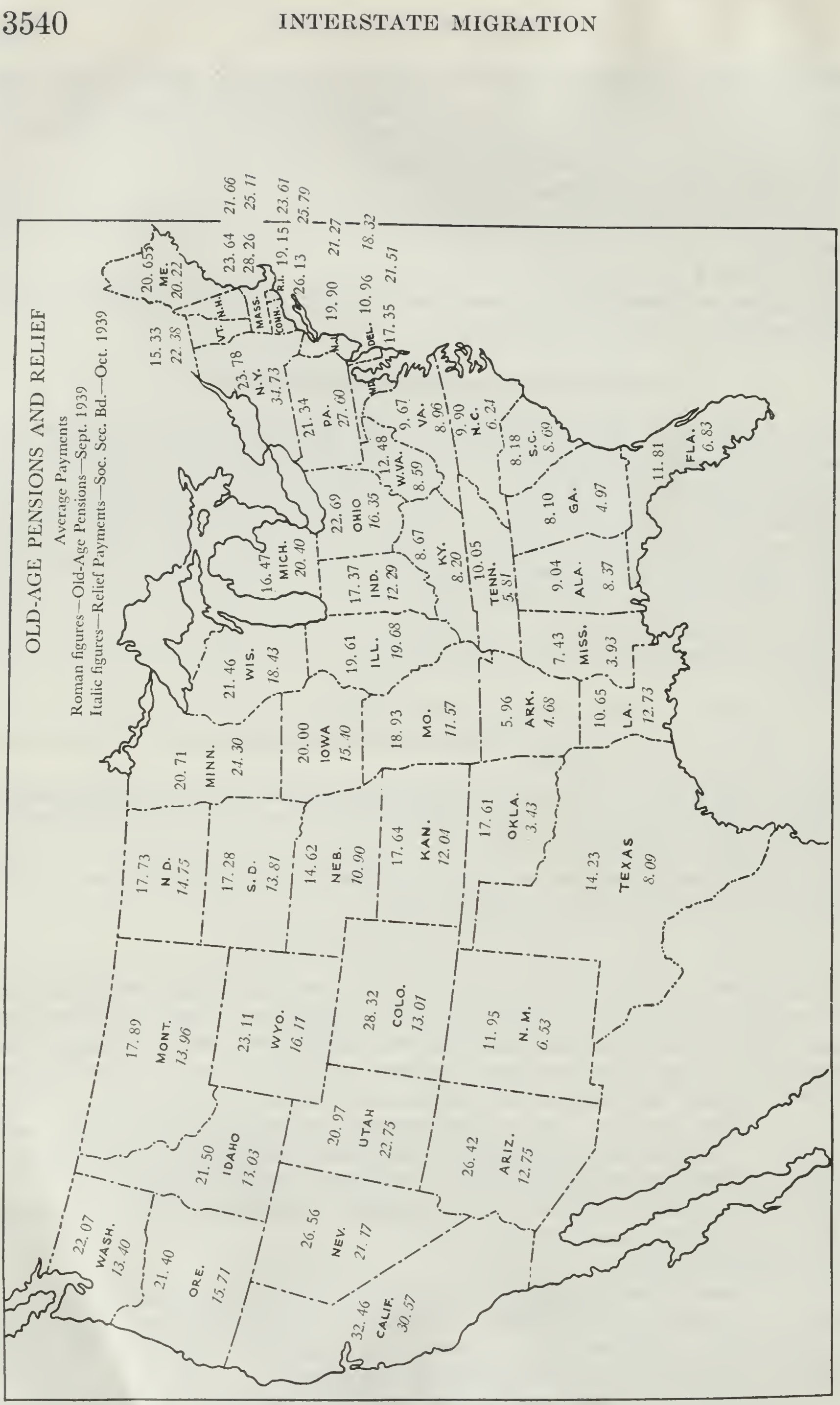
Mr. CURTIS. Do you believe it should be based on ability to pay? I have a map here—is that from you?

Mr. TATE. No, sir.

Mr. CURTIS. According to this map, the State of Florida grants in relief payments $6.83. (See p. 3540.) I do not know what that is. In South Dakota the payments are $13.81. Now, is Florida's ability to pay only half that of South Dakota?

Mr. TATE. I was not speaking of relief payments. I do not know what that is. I was speaking, by and large, of old-age assistance.

Mr. CURTIS. For old-age assistance, in this particular instance, the amount is $11.81 for Florida, and $17.28 for South Dakota.



OLD-AGE PENSIONS AND RELIEF

Average Payments

Roman figures—Old-Age Pensions—Sept. 1939

Italic figures—Relief Payments—Soc. Sec. Bd.—Oct. 1939

ME. 20.65 20.22
VT. 15.33 22.38
N.H. 23.64 28.26
MASS.
21.66 25.11
R.I. 19.15 26.13
CONN.
23.61 25.79
N.Y. 23.78 34.73
N.J. 19.90 21.27
DEL. 10.96 18.32
MD. 17.35 21.51
PA. 21.34 27.60
OHIO 22.69 16.35
W.VA. 12.48 8.59
VA. 9.67 8.96
N.C. 9.90 6.24
S.C. 8.18 8.69
GA. 8.10 4.97
FLA. 11.81 6.83
MICH. 16.47 20.40
IND. 17.37 12.29
KY. 8.67 8.20
TENN. 10.05 5.81
ALA. 9.04 8.37
MISS. 7.43 3.93
WIS. 21.46 18.43
ILL. 19.61 19.68
MINN. 20.71 24.30
IOWA 20.00 15.40
MO. 18.93 11.57
ARK. 5.96 4.68
LA. 10.65 12.73
N.D. 17.73 14.75
S.D. 17.28 13.81
NEB. 14.62 10.90
KAN. 17.64 12.04
OKLA. 17.61 3.43
TEXAS 14.23 8.09
MONT. 17.89 13.96
WYO. 23.11 16.11
COLO. 28.32 13.07
N.M. 11.95 6.53
IDAHO 21.50 13.03
UTAH 20.97 22.75
ARIZ. 26.42 12.75
WASH. 22.07 13.40
ORE. 21.40 15.71
NEV. 26.56 21.17
CALIF. 32.46 30.57

FIGURE 1.

Mr. TATE. I do not know, offhand, what the average per capita income of those States is. It may be that it deviates from that factor. There are a number of instances in which it does deviate. But generally it follows pretty well down that line of correlation.

Miss HOEY. We are suggesting this simply as an approach to the best way to effect the distribution of Federal funds to the States. We are not recommending it as something absolute, but it is a method by which some other things are being done. There are many things to be considered as, for instance, the need of the State.

Mr. CURTIS. According to this map, it would indicate that California has two and a half times the ability to spend for relief that Texas has. I seriously doubt that, and I do not think the payments being made now indicate their relative ability to pay.

RELATIVE STATE TAX LEVIES

Miss HOEY. If we are talking about the revenue-raising capacity of the State of Texas, of course, Texas has a great deal of natural wealth which is either not taxed or taxed in a very limited way.

Mr. CURTIS. Who determines whether it is to be taxed, or not?

Miss HOEY. The legislature of the State. If you are comparing the wealth of those States, it may well be that the natural resources are being compared. In one instance you have a State taxing them very high, while another State is taxing them very low. That is another element you must take into consideration in determining whether they have the ability to pay.

The CHAIRMAN. That depends on what the respective legislatures will appropriate for this purpose.

Miss Hoey. Yes, sir. Texas is very liberal in its treatment of recipients of old-age assistance, but if you go to the other programs, you will find that they have no children's program or general relief program. However, they have appropriated at each session large amounts for the care of the aged.

Mr. PARSONS. The Legislature of the State of Illinois levies a sales tax of 3 percent. One percent goes directly to relief, with some additional appropriations for that purpose. That goes to citizens of the State of Illinois. That 1 percent amounts to between $3,000,000 and $4,000,000 per month. Another cent goes to the old-age assistance contribution. The other goes into State funds, as general revenues. Then we have a gas tax for local purposes, which is subdivided back among the local units of government. We have taken off the State property tax, both real and personal. That tax has been taken off of both real and personal property, but we have revenue derived from the sales tax that amounts to three times, in the course of a year, the annual property tax. We are getting that from those who have money to spend.

Miss HOEY. Illinois is a good illustration that it does not depend on the capacity of the State to finance its program. They have no children's program in any way as a part of the Federal program. The children's program there has been court-administered, and the State has brought that matter into court.

Mr. Sparkman. As I see the program you suggest, these grants would not be based upon a single factor, such as the amount the State is now paying, or even upon the amount of taxes, or the method by which the taxes are levied, but there would have to be worked up some formula which would determine what a particular State would receive in connection with any particular program.

Miss Hoey. Yes, sir.

Mr. Tate. That is correct; but I do not want to leave the impression here that we have a definite formula.

Mr. Sparkman. We recognize that.

Lest there be some misunderstanding, if I understood it correctly a while ago, Mr. Curtis said some gentleman recommended that these grants be variable grants. I do not understand that statement was made by Mr. Hoehler. He recommended grants, but it was Mr. Gallagher who referred to variable grants.

CONSTITUTIONALITY OF MIGRANT EXCLUSION

I would like to ask Mr. Tate one more question. He is a lawyer who has given a great deal of thought to this subject, and here is something that is running through my mind as a lawyer, and that is the legal right of any State under the Constitution to keep a person out of the State or, if the person is within the State, to put him out, simply because of the fact that he may happen to be destitute.

Mr. Tate. I do not believe I can give a categorical answer to that question. I would hate to assume that a State has that authority, but, on the other hand, I would not feel at all sure that it does not have that authority. Clearly, the privilege of moving about is a privilege guaranteed by the Constitution, and any restriction of that has to be on a justifiable basis.

Mr. Sparkman. Could it be justified by anything other than the police power of the State?

Mr. Tate. No, sir; I think not.

Mr. Sparkman. It would have to come under the police power of the State?

Mr. Tate. Yes, sir.

Mr. Sparkman. Do you believe that a person's condition of poverty would come within the police power of the State?

Mr. Tate. Personally, I do not think so. I think it would have to be a case of vital necessity to justify such restrictive action by the State, and I do not believe that the mere fact of indigency presents a question that would justify such restrictive action on the part of the State.

Mr. Sparkman. What do you think about it, Miss Hoey?

Miss Hoey. I feel very strongly on that. I have known of an instance where a person born in a State and who came back to the State where he was born, was prohibited from remaining in the State. It does not mean that the State might not refuse him relief in the State, but certainly it should not refuse domicile or residence to one born in the State. Of course, I am not a lawyer, but that is my view.

Mr. Sparkman. The matter of giving relief and the matter of allowing residence or domicile are entirely distinct things.

NATIVE OF STATE "DEPORTED" TO PHILIPPINES

Miss Hoey. Yes, sir. I know that a person born in one of the States was sent back from the Philippines, and he was sent back by that State to the Philippines, although he was born within the State. May I clarify one thing: Mr. Tate and I were recommending a fourth category, but that was not in lieu of a work program. It would be supplementary to and not a substitute for the work program.

Mr. Curtis. I understood you to say that Texas paid relatively high old-age pensions.

Miss Hoey. No, sir; they have been liberal in the number of persons who would be eligible for old-age assistance. In other words, they have been pretty generous as compared with some other States as to the number who would be eligible for old-age assistance. I think it is true that 60 percent of the aged people in Texas would be eligible under their law.

Mr. Curtis. Texas ranks first in mineral wealth, and first in agriculture. A good percentage of the farm payments made by the United States Government goes to Texas. There are a number of military establishments down there, and they have a large seagoing commerce. Yet, their payments are only half the amount of payments made by some other States. For instance, my own State of Nebraska has only one industry, that of agriculture. There are no minerals in the State, but, although without a good crop for 7 years, Nebraska pays much larger amounts per month for this sort of assistance than Texas does.

Miss Hoey. It is not only ability but the willingness of the State to raise revenue that must be considered. It is not what they actually pay.

Mr. Curtis. Do you recommend a variable formula for grants of money to the States?

Mis Hoey. If you take the economies of some of the States, Nebraska, or some of the Southern States, your index would show that many of them are relatively poor States, or much poorer than certain other States. There is to be considered the question of the ability or willingness to levy taxes, and, in some of them, I think any reasonable person would agree that they could not raise enough revenue to finance the necessary Government expenditures in an adequate relief program.

NO FORMULA FOR VARIABLE GRANTS

Mr. Curtis. If you have a variable formula, I do not see how you will get away from this willingness to receive Federal money.

Miss Hoey. That, I think, would be one condition you would have to put in the Federal law. We have no formula worked out, and it will have to be based on objective standards which will have to be developed. The basis for grants has been the per capita income of the State as compared with the per capita income of the country, or the Federal per capita income. That does not give the basis of distribution by the States to the counties and local subdivisions.

Mr. SPARKMAN. The basis should be the willingness as well as the ability to pay. There should be the willingness to see that it is appropriated.

Miss HOEY. Yes, sir.

Mr. SPARKMAN. There should be the exercise of willingness in line with ability.

Miss HOEY. That is true.

The CHAIRMAN. If there is nothing further, we thank you very much for your statements. You have made a very valuable contribution to our discussion.

TESTIMONY OF GLENN E. JACKSON, DIRECTOR OF PUBLIC ASSISTANCE, NEW YORK STATE DEPARTMENT OF SOCIAL WELFARE

Mr. PARSONS Please state your name, address, and the organization you represent.

Mr. JACKSON. My name is Glenn E. Jackson, and I am the director of public assistance of the New York State Department of Social Welfare. My address is Albany, N. Y.

Mr. PARSONS. You have been here during the hearings and heard the discussion this morning in reference to the settlement laws. We have had a number of witnesses from all over the country, especially at the various places where we have conducted hearings, discuss that question. I would like to have you take a few minutes to give us your idea of what you have found in connection with your work in the New York State Department of Social Welfare and from your study of the settlement laws.

Mr. JACKSON. I understood that the committee wished, perhaps, that I make a summary of today's evidence, so far as I would agree with it, and then point out the places that I might disagree with.

Mr. PARSONS. Yes. You may discuss the angles presented this morning and this afternoon, commenting upon them and giving us the result of your own studies.

RECOMMENDS COMMISSION TO STUDY MIGRATION

Mr. JACKSON. First, may I express the honest and sincere appreciation by our State of the fact that this committee is doing this work, because it will make a great contribution to the study which we launched in our State late this summer. We were happy to learn of the hearings by this committee, because they will save us a great deal of original work, which could not have been accomplished nearly so well by us acting independently. I want to add to that our keen desire that somehow the work of this committee will be capitalized, and that it will not be permitted to pass even by so valuable a thing as a report. I think we would like to endorse the idea that there be established in the Federal Government a commission dealing with the problem that you are studying. We feel that there should be a central reservoir of information and counsel to which organizations dealing with these problems may turn for advice and assistance.

Mr. PARSONS. Would you suggest that probably it should be under the Social Security program?

Mr. Jackson. We do not suggest where it should be, but it should be available in some suitable place. It would naturally be under some department of the Government.

The Chairman. We have been thinking about that. We thought that the recommendation of a department with radical power in this organization might cause us to run into some difficulty. However, if we should put it in the Department of Agriculture, the Department of Labor, or the Social Security Board, we should have a representative from each of those departments to exchange information related to this subject.

Mr. Jackson. Yes, sir. That is the reason I would not too quickly accept the suggestion as to the best place for it. It might be put in one of those departments, or it might be separate from each one. The administration of the program would fall naturally in one of the three departments you mention.

Now, you have asked that I attempt a summary of today's evidence.

SUMMARY OF PRECEDING TESTIMONY

Any summary or review will appear to be unfair to much very valuable material that has been presented by the witnesses. Moreover, the summary generally reflects the bias of the reviewer. Granted these hazards, I shall attempt the summary you have requested me to make.

The statements made today seem to sum up to three basic points. First, all of the statements agree that migration is a normal thing, and is connected with all phases of economic life. It is something that is engaged in generally by normal people. Further, this general condition of normal migration appears now to be further stimulated by the defense program. Therefore, this aggravated problem of normal, plus the stimulated migration, should be regarded as one requiring immediate and intelligent solution on a national plane.

In the second place, while most of this migration results favorably, both to the migrant and to the economy of the community to which the migrant comes, some of it results in failure. Some failure is inevitable, even alongside a very large percentage of success. It is with the failure that I propose to deal here. I am reminded to say here that, of course, some of the bitter must go along with the better.

We are very much interested in the attempt to find a practical solution of the problem. In New York State, we have one of those peculiar settlement laws, but we do have provision that unsettled people shall be charged to the State. Since 1937, under our relief act, any unsettled person has been a 100-percent charge against the State. Because of the working of our resettlement law, that has become an increasing expense to the State. We would join in general agreement with what seems to be the voice of these witnesses that the solution lies with the Federal Government. We thoroughly agree that no one State can cope with this problem.

WOULD AMEND SOCIAL SECURITY ACT

We would agree that the Social Security Act should be amended so as to provide grants-in-aid to States for general relief for needy residents and migrants, and that Federal funds for that purpose on a 50 percent matching basis should be made available. As the conditions under which these funds would be granted, the States should be required to submit a plan for projects, as in the case of the categories now operative under the Social Security Act. The responsibility for the administration and supervision of the program should be in the same respective agencies as the other assistance programs. That is to say, all Federal grants-in-aid should be conditioned, in addition to other requirements, upon the States' agreement to extend services to all persons living in the State, without regard to length of residence.

Mr. Parsons. Would you recommend the abolition of all settlement laws?

Mr. Jackson. In the form in which the question comes, it is somewhat academic. It would be difficult to attempt to liquidate all the settlement laws. As a condition to the grant, I would provide that the State must set up a provision under which it would provide general relief for all persons, and that would of itself, in effect, liquidate those settlement laws.

If they desired to be retained on the statute, it would have to be for other purposes.

ISSUES RAISED BY WITNESSES

May I make one or two comments on points which seemed to be issues developed between the witnesses?

In respect to variable grants, our State would be inclined not to favor them. I am speaking probably out of our own experience in New York State.

Before I came into my present position I was Assistant State Director of the Emergency Relief Administration, which had full power to make variable grants to counties and cities where we believed that they needed special consideration.

Mr. Parsons. For transients?

Mr. Jackson. No, for general relief. That was availed of in about six instances.

I think it is fair to say that did not work out well. That is to say, we came to feel that there was no way to measure the locality's ability to finance relief.

There is in the present State law a provision that the State department may make a variable grant if it finds a locality in special need. It has never availed itself of that provision, and I think I speak the opinion of the Department when I say it is very reluctant to avail itself of that provision.

Furthermore, in respect to that, we have made some careful studies of the reasons for higher grants in one locality over another, and they came to feel that it is a combination of complicated factors in which it can be assumed that the dominant one is ability to pay. After all, we believe that there are other strong factors, such as the attitude toward relief, and the size of the case load, the vigorousness or lack of vigorousness of the W. P. A. program, and many other factors. We have considered about eight of them.

The Chairman. Ability to pay is a fluctuating proposition, is it not?

Mr. Jackson. Exactly so.

While at one time we did join with those who thought they could apply that formula to a particular county, and asked the board to avail themselves of that rule, we have not found that formula.

So we would feel that the present average grants referred to by the Congressman in respect to some States do not appear to us to reflect basic ability to pay, but do reflect some other important factors.

We note, for instance, the comparison between the relatively high grants in some States for old-age assistance compared with general relief, and it must be assumed that the degree of reimbursement, the general appeal of the program, and so forth, are more effective than ability to support the total relief structure.

WOULD CONTINUE GENERAL RELIEF PROGRAM

One other comment with respect to what some of the witnesses this forenoon said as to whether, in our experience and opinion, the prosperity of national defense will liquidate in large part our relief rolls, first of all, it seems rather obvious that it cannot liquidate all of the categories. In respect to general relief, which, in our State, is the largest complete program, we have just completed a census of our rolls and find that about 60 percent of our present rolls are unemployable and that that percentage is increasing. It is perfectly natural that that is so.

Therefore, we would feel that it is highly important that there be a continued general relief program, that if we are to solve this question of migration it ought to be made a part of the general relief program, with the State and Federal agencies sharing the burden.

That summarizes the notes I have made as to the points which are the issues before the committee.

The Chairman. You have given us a very fine statement and we appreciate your coming here, and I know the statement you have given us will be valuable to us.

I will say that we will have our record open until the 12th of December, and if anything else occurs to you which you would like to have made a part of your statement, we will be glad to put it into the record, if you will send it to the committee.

Mr. Parsons. If you have a paper you want to file we will be glad to have that.

Mr. Sparkman. I listened with much interest to your discussion of the question of variable grants.

I think that you will admit that probably there would be a difference as among the States from that prevailing as among the various units in the same State.

In other words, where you might be able to determine the ability of some community within your State as compared to other communities in the same State, that problem might not be so complex when it comes to determining the ability of a State to pay.

Mr. JACKSON. I pose as no expert, but I do not happen to see the reason why it is easier to determine a State's ability to pay.

I am one of those who has to appear before the State legislature when it comes time to provide funds for relief, and I know of no formula on which you could fall back to determine just how much a State could afford for the assistance of its citizens. Such a formula might be made available.

Mr. SPARKMAN. You know there is the same question in connection with Federal legislation. In 1936, in connection with the 1936 Hayden-Cartwright Act providing for Federal aid for road construction, a formula was laid down, with a provision that after a State had done all that it could do and the Secretary of Agriculture had so determined, and a part of its funds had been unmatched, those funds could be allocated without matching.

Mr. JACKSON. If it was ever necessary to determine variable grants to certain States, if it is possible, it should be disconnected from the basic scheme relating to the Social Security Act and some other means found.

This has been found to be possible on a State-wide basis, that is to say, where we have found a community where considered judgment showed they were practically bankrupt, there were other means of assisting needy people than that, but we have our reimbursement features. We have other programs, like farm security. We have a rural rehabilitation corporation within our State. We took steps in the State to see what could be done in terms of resettlement, and so forth, and those do become variable, without waiving the basic provision.

Mr. SPARKMAN. You are aware that the Social Security Board has, in several of its annual reports, recommended that the grants for the three categories already in existence be changed to a fixed basis?

Mr. JACKSON. That is right, but our State has never favored availing themselves of that rule.

Mr. SPARKMAN. In our hearings it has been brought out that there are a number of States in the United States that have an excessive birth rate, running as high as 130 percent replacement, whereas a great many other States run as low as 80 percent. Naturally, there must be migration from the higher to the lower birth-rate areas.

Mr. JACKSON. That is right.

Mr. SPARKMAN. I remember at our hearings in New York some gentleman, I believe the director of public assistance in one of the New England States, said: "If my State gets mules from your State we pay you for raising those mules, but if your children come to live in our State and are educated in your State, we pay you nothing for them." Do you not think that is an argument for variable grants to those areas that are serving, as one witness said to us, as the seed pods of the Nation?

VARIABLE GRANT FORMULA UNDISCOVERED

Mr. JACKSON. I think there are many arguments in favor of variable grants, and when they get through we would feel that just as the local people not on relief must live by the standards and under the general conditions of the community, so must other citizens who live there, and find the need for relief, and choose that as their residence, rely upon their State and the citizens of the State to supply that need as they can afford it, and it may be that we would get on a matching basis after that. But so far as a variable basis is concerned, any formula would be highly indirect, and is as yet undiscovered.

Mr. SPARKMAN. If you follow your argument to its logical conclusion, I do not see any argument for the Federal Government to participate. You say it is impossible to determine that as between citizens in the same community. Then why should the Federal Government participate?

Mr. JACKSON. Because all levels of Government should participate to a degree. For instance, this participation in the migratory problem is a national participation, since the localities could not supply all the funds. The reasons have been placed before you on many occasions in terms of taxing ability, but with the help of the States, and we think, in our opinion, except in cases of widespread disaster, that generally the matching basis, in the long run, works out better.

The CHAIRMAN. We thank you very much for your statement, Mr. Jackson.

TESTIMONY OF ROLAND LeGRAND SWEARENGIN, WASHINGTON, D. C.

The CHAIRMAN. The next witness is Mr. Swearengin, and Mr. Curtis will proceed with the questioning.

Mr. CURTIS. What is your name?

Mr. SWEARENGIN. Roland LeGrand Swearengin.

Mr. CURTIS. Where are you now living?

Mr. SWEARENGIN. At 728 Fifth Street NW., Washington.

Mr. CURTIS. Where were you born?

Mr. SWEARENGIN. In Bath County, Va., near Millboro.

Mr. CURTIS. Are you married?

Mr. SWEARENGIN. Yes, sir.

Mr. CURTIS. Where was your wife born?

Mr. SWEARENGIN. In Bath County, Va.

Mr. CURTIS. Is this your first marriage?

Mr. SWEARENGIN. My second marriage.

Mr. CURTIS. Is your first wife living?

Mr. SWEARENGIN. No, sir; she is dead. She died of pneumonia.

Mr. CURTIS. How many children have you?

Mr. SWEARENGIN. Two.

Mr. CURTIS. Both of them by your last marriage?

Mr. SWEARENGIN. No, one by the first marriage and one by the second.

Mr. Curtis. What is their age?

Mr. Swearengin. The boy by the first marriage is 7 years old past, and the girl by my second wife is 2 years old.

Mr. Curtis. Have you and Mrs. Swearengin lived in Bath County most of your lives, in Millboro?

BECAME ROVING PLASTERER

Mr. Swearengin. I was born and raised about seven miles from Millboro and lived there until I was about 17, when I left that part of the country and went into Ohio and learned the plastering trade at Marion. Then I traveled about over the country until along in the latter part of 1929, when I came back to Bath County, where my folks were.

Mr. Curtis. How much education have you had?

Mr. Swearengin. One year of high school.

Mr. Curtis. How much education did your wife have?

Mr. Swearengin. She finished the seventh grade.

Mr. Curtis. You say you are a plasterer?

Mr. Swearengin. Yes, sir.

Mr. Curtis. With how many years' experience?

Mr. Swearengin. About 18 years.

Mr. Curtis. Are you a member of a union in Washington?

Mr. Swearengin. No, sir.

Mr. Curtis. Can you get any work?

Mr. Swearengin. Yes; I can get work; but now, at the present time, I am not able to work.

Mr. Curtis. What is your disability?

Mr. Swearengin. A strained wrist.

Mr. Curtis. What does that develop into?

Mr. Swearengin. The doctors say that is developing into arthritis.

Mr. Curtis. Where have you worked as a plasterer?

Mr. Swearengin. I have worked in 27 States, from the New England States to the southern States, and I have worked as far west as Nebraska.

Mr. Curtis. In what year did you begin to work as a plasterer?

Mr. Swearengin. In 1922.

Mr. Curtis. During the years from 1922 to 1929, how long did you stay in a place, usually?

Mr. Swearengin. Well, I was in Marion, Ohio, I would say around—of course, I did not stay there continuously, but made that my headquarters until 1929. Of course, I was not there all the time. I was traveling on the road to get jobs, and when I finished a job I always went back to Marion, as I lived with an aunt there and made that my headquarters.

Mr. Curtis. Did you work on dwelling construction, or larger construction?

Mr. Swearengin. I have worked on practically every type of building, from a one-story dwelling house to a 50-story building.

Mr. Curtis. Is plastering what you call seasonal work?

Mr. Swearengin. Yes.

Mr. Curtis. How limited is it?

Mr. SWEARENGIN. I should say it is very limited. If a man gets as much as 8 months out of the year he has done exceedingly well. Most of them run from 4 to 5 or 6 months.

Mr. CURTIS. About what was your average?

Mr. SWEARENGIN. I would say from the time I started to serve my apprenticeship, or my apprentice course, until around 1930, I would say I got my 8 months per year, and from about 1930 until about 1935, I imagine, averaging, taking one year with the other, I fell down to less than 3 months.

Mr. CURTIS. Would you say you would average as much as 6 months per year during that time?

Mr. SWEARENGIN. Yes, I made out fairly good.

Mr. CURTIS. What were your wages?

Mr. SWEARENGIN. I have gone as high as $16 a day, but as the wages run now they have run anywhere from $8 to $12. I have worked on jobs for as low as $5.

MIGRANT PLASTERERS AND CARPENTERS

Mr. CURTIS. Do a great many plasterers find it necessary to travel around?

Mr. SWEARENGIN. Yes; it is very customary for carpenters to be on the road. Of course, there are a few who are lucky enough to get into a job that is permanent and they do not have to stay on the road, but there are always plasterers on the road.

You take one boss, and he does not have enough steady work to keep a full force going, and therefore he will take men in transit work until the busy season is over, and then they are laid off.

Mr. CURTIS. In some larger cities there might be enough to keep a few plasterers going all the time, without having to travel around?

Mr. SWEARENGIN. Yes. If you take some cities with a population of 100,000, you will find there are some men in those cities that have all-the-year-round jobs.

Mr. CURTIS. Your old home in Virginia is no such community as that?

Mr. SWEARENGIN. No, sir.

Mr. CURTIS. How big a place is Millboro, approximately?

Mr. SWEARENGIN. It probably has a thousand inhabitants.

Mr. CURTIS. How about Marion, Ohio?

Mr. SWEARENGIN. I think Marion runs about 50,000 population.

Mr. CURTIS. Where is your residence now?

Mr. SWEARENGIN. Well, I do not guess I have any. I travel around over the country until I do not guess I have a permanent residence.

Mr. CURTIS. When did you leave Bath County, Va.?

Mr. SWEARENGIN. I left there the last time—I was there 2 years ago in August, a year this past August. I was back there 2 years before, a year this coming Christmas.

Mr. CURTIS. Do you still consider it your home?

Mr. SWEARENGIN. Well, no; I have not considered it my home, I would say, since I left there as a youngster. Of course, when I came back there in 1939 my father was living on a farm, but he died, and the farm was sold and my mother remarried. I have not quite considered it my home since 1932.

Mr. Curtis. How many brothers and sister did you have?

Mr. Swearengin. My father was married twice and in the 2 families there are 20 of us living.

Mr. Curtis. Is your mother living now?

Mr. Swearengin. Yes.

Mr. Curtis. How old a lady is she?

Mr. Swearengin. Mother is past 56.

Mr. Curtis. Have you had any work as a plasterer in 1939 and 1940?

Mr. Swearengin. Yes; I have had more work in 1939 and 1940 than I have had from 1930 to 1939.

Mr. Curtis. Where were you working?

Mr. Swearengin. In 1939 I worked at the Natural Bridge Station, in Mount Crawford, Va.; in Staunton, Va.; in Waynesboro, Va.; in Richmond, and then in Washington.

Mr. Curtis. When did you come to Washington?

Mr. Swearengin. I came here the first day of July.

Mr. Curtis. What year?

Mr. Swearengin. This year.

Mr. Curtis. Why did you come to Washington?

Mr. Swearengin. I was working on a rooming house in Richmond, doing some repair work. I picked up a copy of the Richmond Times Dispatch and saw an advertisement for plasterers to report at Fourteenth and L Streets, with tools, for 6 months' work.

Mr. Curtis. How did you come here?

Mr. Swearengin. A friend of mine brought me in his car.

Mr. Curtis. Did you bring your family?

Mr. Swearengin. No; I did not bring my family then. I worked here about 3 weeks.

Mr. Curtis. You got work here, as advertised?

Mr. Swearengin. Yes; I got here in the evening on Monday, and went to work on Tuesday.

Mr. Curtis. What did they pay you?

Mr. Swearengin. I got a dollar an hour.

Mr. Curtis. You went to work about the second or third of July?

Mr. Swearengin. I went to work on the second.

Mr. Curtis. How long did you work at $8 a day?

Mr. Swearengin. I worked from July until the 19th of September, when I was laid off.

Mr. Curtis. That particular job was concluded?

Mr. Swearengin. No, that was at Sixteenth and L, and I was transferred to a job at Thirty-ninth and Davis Place, and from there to another job off of Tunlaw Road, and was transferred from that one to Hyattsville, Md., and from there back to Alexandria, Va.

Mr. Curtis. All with the same contractor?

Mr. Swearengin. Yes, sir.

Mr. Curtis. And the last job you say ended on September 19?

Mr. Swearengin. Yes, sir; I was laid off.

Mr. Curtis. Did you have any unemployment compensation?

Mr. SWEARENGIN. Yes; I guess I am entitled to unemployment compensation, but now I am under a doctor's care and unable to draw it.

Mr. CURTIS. Why can you not draw it?

Mr. SWEARENGIN. You must be physically able to work and unemployed to draw unemployment compensation. You cannot draw it while under a doctor's care.

MEDICAL CARE PROVIDED

Mr. CURTIS. Have you any medical care from any Federal health institution?

Mr. SWEARENGIN. Yes; from George Washington Hospital. I was there for 3 weeks, and the Health Security backed me for my hospital bill.

Mr. CURTIS. Has your wife had any help from the Public Health authorities.

Mr. SWEARENGIN. Yes; she goes to the hospital now.

Mr. CURTIS. How did you manage to keep your household together without any work?

Mr. SWEARENGIN. The Travelers' Aid has been paying my rent and giving me a grocery order each week.

Mr. CURTIS. You say your wife is in the hospital now?

Mr. SWEARENGIN. No; she attends the hospital.

Mr. CURTIS. She is being cared for by the hospital?

Mr. SWEARENGIN. Yes.

Mr. CURTIS. Is the hospital paying for that?

Mr. SWEARENGIN. No; we have to go to the Health Security and get a pass through the Health Security for her attention at the hospital, and also for mine.

Mr. CURTIS. What do you mean by Health Security?

Mr. SWEARENGIN. That is located at 1823 L Street.

Mr. CURTIS. Your wife is an expectant mother?

Mr. SWEARENGIN. That is right.

Mr. CURTIS. She is receiving some medical aid that is furnished to nonresidents?

Mr. SWEARENGIN. Yes; it is more of a semimonthly check-up, than anything else.

Mr. CURTIS. You are considered a nonresident of the District of Columbia?

Mr. SWEARENGIN. Yes, sir.

Mr. CURTIS. But you have no other place that you do consider as your residence?

Mr. SWEARENGIN. I do not guess I have a legal residence.

Mr. CURTIS. Is this the first time you ever had to be concerned about a residence or settlement?

Mr. SWEARENGIN. Yes, sir.

Mr. CURTIS. Have you ever had any public assistance at any time before?

Mr. SWEARENGIN. Yes; I worked with a relief job as a laborer for about 2 months.

Mr. Curtis. Where was that?

Mr. Swearengin. That was in Bath County, Va. That was about 2 years ago.

Mr. Curtis. When you went back there and visited them?

Mr. Swearengin. That was between jobs. For a while I made that my headquarters and traveled back and forth. When I would get through with a job there might be a month, or sometimes 3 or 4 months, until I would land another job, and in the meantime I made my headquarters in that part of the country, part of the time with some of my relatives, and part of the time with some of my wife's relatives.

Mr. Curtis. Could you go back there at this time?

Mr. Swearengin. As far as I know I could.

Mr. Curtis. Would you be denied any assistance?

Mr. Swearengin. I do not know that I would. I suppose I could go back there and get on relief again as a laborer, but even so, at this particular time I would not be able to hold a job.

Mr. Curtis. When you were there in 1938, on W. P. A., they did not raise any question about the fact that you had been gone for some time?

Mr. Swearengin. Yes; when I applied for the job I had to go down and spend 3 or 4 hours with the county supervisors before I got on the job.

Mr. Curtis. What did they ask you about, your residence?

Mr. Swearengin. About some general questions, as to where I was raised, where I had spent my time, and so on. I do not suppose they went down deep enough to really find out whether I was a resident or a nonresident. I presume they took it for granted I was a resident.

Mr. Curtis. You considered that your home?

Mr. Swearengin. That is right.

Mr. Curtis. You do not consider it your home now?

Mr. Swearengin. If I was to consider any place other than where I am living now, I would have to consider that as my home.

The Chairman. You thought your wrist was sprained originally?

Mr. Swearengin. Yes, sir.

The Chairman. How did you find out it was arthritis?

Mr. Swearengin. You see, I only sprained my wrist on the job. I reported to my foreman; I told him I had sprained my wrist, and it seemed that was a very common thing; and I worked, let us see, around 7 days after I sprained it. I was laid off on Friday, and on Monday I went up to this clinic to have a doctor look at my arm. He looked it over, and after he examined my arm he said, "I believe you have some fever." So, he took my temperature and I did have some fever. He said, "I think you have arthritis. Go back home."

So, he gave me a slip to go back home, and he said, "If your arm is no better by Wednesday go to the Health Security and get a pass and come back to the hospital."

So, on Wednesday I did not go back; I did go over on Thursday; I went to the Health Security and got a pass and went down and entered the hospital. And, they checked me over from every standpoint.

NO COMPENSATION FOR ARTHRITIS VICTIM

Mr. CURTIS. Were any pictures or X-rays taken?

Mr. SWEARENGIN. Yes; they took two X-rays of my wrists, and both showed there was no fracture. And they also X-rayed my sinus; X-rayed my chest, and also my teeth. In fact, they took 13 X-rays and said I had a local infection somewhere that was causing the arthritis but were unable to find it. So, they took my tonsils out and made a serum, and that is why I am going down to the hospital every 5 days; I get a shot of that antitoxin.

Yesterday I went to the hospital and consulted a specialist, and I do not believe that he is in favor of thinking that I have arthritis; I do not believe he said so in so many words, but the others have all told me there was no reason for putting in for workman's compensation, that they did not think that I was due workman's compensation; but, he told me yesterday to put in for my compensation, and to get the claim in and so I have taken steps to try to get my compensation.

Mr. CURTIS. By workman's compensation you mean unemployed compensation?

Mr. SWEARENGIN. No.

Mr. CURTIS. Unemployment compensation?

Mr. SWEARENGIN. No; I mean workman's compensation.

Mr. SPARKMAN. For injury?

Mr. CURTIS. You previously testified that you could not get unemployment compensation.

Mr. SPARKMAN. This is workman's compensation he is referring to. There is a difference.

Mr. SWEARENGIN. You cannot get unemployment compensation while you are unable to work.

Mr. CURTIS. But one of them did advise you that you should put in for compensation?

Mr. SWEARENGIN. Yes. In order to get unemployment compensation, you simply go down—you do not have to file for it—you simply go down for employment, if you are able to work, and if they find you a job and you go to work, and if they do not find a job you get your unemployment compensation. But if you are unable to work you cannot draw unemployment compensation.

Mr. CURTIS. The question of workman's compensation was whether or not this injury was caused or aggravated by your employment?

Mr. SWEARENGIN. That is right; if my wrist is the sole cause of my trouble then I can draw workman's compensation, but if it is not, if it is arthritis, due to a local infection, then I would not draw workman's compensation.

Mr. CURTIS. This last doctor thought perhaps you would be entitled to workman's compensation?

Mr. SWEARENGIN. That is right.

Mr. CHAIRMAN. Thank you very much.

Mr. SWEARENGIN. Thank you.

TESTIMONY OF WILLIAM HOWARD FRENCH, WASHINGTON, D. C.

Mr. Sparkman. Will you give your full name and address to the reporter?

Mr. French. William Howard French.

Mr. Sparkman. Where do you live?

Mr. French. 1524 Twenty-sixth Street NW., Washington, D. C.

Mr. Sparkman. Where were you born?

Mr. French. I was born near Wilmington, North Carolina.

Mr. Sparkman. With whom did you live as a child?

Mr. French. I lived with my family—by that I mean my foster parents.

Mr. Sparkman. How much schooling do you have?

Mr. French. But very little.

Mr. Sparkman. Can you read?

Mr. French. Yes.

Mr. Sparkman. How did you learn to read?

Mr. French. Learned myself. Some of it I learned in Sunday school when I was a child.

Mr. Sparkman. What was your first employment?

Mr. French. Farming.

Mr. Sparkman. What work have you followed most of your life?

Mr. French. Well, the most of my life I followed coal mining.

Mr. Sparkman. Where?

Mr. French. West Virginia, Kentucky, Pennsylvania, and Ohio.

Mr. Sparkman. How much did you make on the job as a miner, on the average?

Mr. French. Sometimes very little; maybe $40; sometimes $30, sometimes $20, and sometimes less than that.

Mr. Sparkman. How long did you work in the coal mines?

Mr. French. Nineteen years.

Mr. Sparkman. Were you able to save any money?

Mr. French. No.

Mr. Sparkman. How were you paid for the coal mining work? By the day, by the week, or how?

Mr. French. We were paid by the car until we had a union.

Mr. Sparkman. Until you had what?

Mr. French. A union—miners' union—in 1931.

Mr. Sparkman. Then how were you paid?

Mr. French. We were paid by the ton.

Mr. Sparkman. By the ton?

Mr. French. Yes.

Mr. Sparkman. How much per ton?

COAL MINERS' WAGES INCREASED

Mr. French. Well, it began at 22 cents a ton, after we left the car system. And, in 1933 we got a union and got 56 cents a ton; and in 1936 we got a raise, in the union, to 76 cents a ton for machine coal, and $1.01 for pick coal.

Mr. Sparkman. It looks as though under that scale of wages you would have been able to make more than you did.

Mr. FRENCH. I beg your pardon?

Mr. SPARKMAN. Why were you not able to make any more than you did when you were getting paid that much?

Mr. FRENCH. The reason I did not make anymore was because the operators would not allow you to; the mine only worked part time.

Mr. SPARKMAN. In other words, you did not have sufficient work to earn more?

Mr. FRENCH. No.

Mr. SPARKMAN. You were on part-time operation?

Mr. FRENCH. Yes.

Mr. SPARKMAN. With whom did you live in West Virginia?

Mr. FRENCH. Well, when I was in West Virginia, a part of the time, until I left, with my foster parents.

Mr. SPARKMAN. What were their names?

Mr. FRENCH. Alsop.

Mr. SPARKMAN. How old are you?

Mr. FRENCH. Fifty-one.

Mr. SPARKMAN. Do you have a family of your own?

Mr. FRENCH. No.

Mr. SPARKMAN. You are not married?

Mr. FRENCH. No.

Mr. SPARKMAN. Are your foster parents still living?

Mr. FRENCH. My foster mother is; my foster father died December 2, 1939.

Mr. SPARKMAN. Where does you foster mother live?

Mr. FRENCH. She lives at my address.

Mr. SPARKMAN. Here in Washington?

Mr. FRENCH. Yes.

Mr. SPARKMAN. You live here with her?

Mr. FRENCH. I live with her.

Mr. SPARKMAN. What was your foster father's employment?

Mr. FRENCH. He was a plasterer by trade.

Mr. SPARKMAN. Have you ever worked with him?

Mr. FRENCH. Yes.

Mr. SPARKMAN. Do you know the trade of plasterer?

Mr. FRENCH. No, I do not; I did not learn it.

Mr. SPARKMAN. What kind of work did you do with him?

Mr. FRENCH. I made mortar and waited on him. I learned to put the day, by the week, or how?

Mr. SPARKMAN. Did you ever farm any?

Mr. FRENCH. I was raised on a farm, practically until I was about 17 years of age.

Mr. SPARKMAN. Did you farm any later on?

Mr. FRENCH. No.

Mr. SPARKMAN. You have not farmed any since that time?

Mr. FRENCH. No.

Mr. SPARKMAN. When did you come to Washington?

Mr. FRENCH. I came to Washington in November 1938.

Mr. SPARKMAN. How did you happen to come here?

Mr. FRENCH. I came here with my foster parents.

Mr. SPARKMAN. Have you done any work since you have been here?

Mr. French. Well, yes; some.

Mr. Sparkman. What were some of the jobs? Let me put it this way: Have you been steadily employed?

Mr. French. No; it has not been steady.

Mr. Sparkman. It consisted of what jobs?

Mr. French. What kind of jobs?

Mr. Sparkman. Yes; what were their nature?

Mr. French. Well, waiting on my foster father as a plasterer, helping in carpenter work; and I also worked at the recreation center in Georgetown.

Mr. Sparkman. That was the last job you had?

Mr. French. That was the last job; yes.

Mr. Sparkman. Working at the recreation center?

Mr. French. Yes.

Mr. Sparkman. What did you do there?

Mr. French. Setting up pins in the bowling alley.

Mr. Sparkman. Why did you quit that?

Mr. French. Got my foot broke.

Mr. Sparkman. When was that?

Mr. French. January 8, 1939—no, 1940.

Mr. Sparkman. Did you go to the hospital?

Mr. French. Yes.

Mr. Sparkman. Did you draw compensation?

Mr. French. I did not go to the hospital for that.

Mr. Sparkman. You did not?

Mr. French. No; but I did go to the hospital.

Mr. Sparkman. And how long were you out of work with a broken foot?

Mr. French. I was out until April.

Mr. Sparkman. Did you draw compensation?

Mr. French. Yes.

Mr. Sparkman. For the injury?

Mr. French. Yes.

Mr. Sparkman. How long did you draw compensation?

Mr. French. I drew compensation from February until April.

Mr. Sparkman. How much did you draw?

Mr. French. I think it averaged about $6.30 per week.

Mr. Sparkman. Did you go back to the bowling alley?

Mr. French. No; it was shut down; it does not run in the summer.

Mr. Sparkman. How about this fall, after it opened up?

Mr. French. Sir?

Mr. Sparkman. Did it open up this fall?

Mr. French. Yes; it opened up in the fall.

Mr. Sparkman. Have you tried to get employment there?

Mr. French. I was not able.

Mr. Sparkman. Why?

Mr. French. I was not able when it opened up.

Mr. Sparkman. Why were you not able?

Mr. French. Because I had just been released from the hospital.

Mr. Sparkman. What have you been in the hospital this time for?

Mr. French. I was in the hospital from June 6 to August 15.

Mr. SPARKMAN. What was the trouble?

Mr. FRENCH. Throat; I had a goiter removed.

Mr. SPARKMAN. You had a goiter removed?

Mr. FRENCH. Yes.

DENIED RELIEF IN DISTRICT OF COLUMBIA

Mr. SPARKMAN. Have you ever received or asked for relief?

Mr. FRENCH. Yes; I asked for it.

Mr. SPARKMAN. Were you able to get it?

Mr. FRENCH. No.

Mr. SPARKMAN. Why?

Mr. FRENCH. Because they said I could not prove that I had supported myself for 1 year in the District of Columbia, and I was not a District resident.

Mr. SPARKMAN. No. What State was your last residence before you came to the District of Columbia?

Mr. FRENCH. It was Ohio.

Mr. SPARKMAN. How long have you been gone from Ohio?

Mr. FRENCH. I left Ohio in May 1938.

Mr. SPARKMAN. Have you ever checked to find out whether or not you were still a resident of Ohio?

Mr. FRENCH. Some lady did.

Mr. SPARKMAN. Someone connected with the relief?

Mr. FRENCH. Yes.

Mr. SPARKMAN. And what did she find out?

Mr. FRENCH. She found out I had been away for 1 year.

Mr. SPARKMAN. You were absent from Ohio for 1 year?

Mr. FRENCH. Yes.

Mr. SPARKMAN. Which kept you from being a resident of Ohio?

Mr. FRENCH. Yes.

Mr. SPARKMAN. Although you have been in the District of Columbia over 2 years?

Mr. FRENCH. Have been in the District for the past 2 years.

Mr. SPARKMAN. Have you been here for 2 years and still you are not a resident in the District of Columbia?

Mr. FRENCH. No.

Mr. SPARKMAN. Where are you a resident?

Mr. FRENCH. No place, I guess.

Mr. SPARKMAN. That is all.

Mr. CURTIS. When did you first ask for relief here in the District of Columbia?

Mr. FRENCH. I first asked for relief when I was in the hospital.

Mr. CURTIS. This year?

Mr. FRENCH. Yes.

Mr. CURTIS. You had then lived in the District of Columbia about 18 months; is that correct?

Mr. FRENCH. Yes.

Mr. CURTIS. Who supported you during that year and a half?

Mr. FRENCH. Who supported me?

Mr. Curtis. Yes; during the year and a half you have been living here.

Mr. French. Well, my foster father and my foster mother—we put what we made together and lived together.

Mr. Curtis. Did your foster parents draw any relief during that year and a half?

Mr. French. No.

Mr. Curtis. It looks to me like he has been here a year.

Mr. Sparkman. Why is it that you could not prove that you had been within the District of Columbia for 1 year?

Mr. French. I did not understand you.

Mr. Sparkman. Why is it you could not prove you had lived in the District of Columbia for at least a year and have been supporting yourself during that time? Otherwise you would be eligible for relief, would you not?

Mr. French. Well, the lady at the relief office told me my foster mother had worked for a year for $5 a week and that she had supported the family.

Mr. Sparkman. Instead of yourself?

Mr. French. Instead of me.

Mr. Sparkman. Is your foster mother working now?

Mr. French. She works a day and a half a week.

Mr. Sparkman. What does she get?

Mr. French. Two dollars a day, and carfare.

Mr. Sparkman. That is $3 a week?

Mr. French. Yes.

Mr. Sparkman. She gets carfare, how about her meals?

Mr. French. She gets her meals.

Mr. Sparkman. Is that the only steady income?

Mr. French. That is all.

Mr. Sparkman. How do you live on that; you cannot live on that.

Mr. French. No. Well, occasionally I get an odd job myself. I get 50 cents or maybe a quarter or 30 cents, something like that. Sometimes it may be more. Last week I made $5.

Mr. Sparkman. $5 last week?

Mr. French. Yes. I washed dishes for a lady and did some housework for her.

Mr. Sparkman. That is all.

The Chairman. Thank you, Mr. French.

The committee will stand adjourned until 10 o'clock tomorrow morning.

(At 4: 15 p. m. an adjournment was taken until 10 a. m. of the following day, Friday, Dec. 6, 1940.)

INTERSTATE MIGRATION

FRIDAY, DECEMBER 6, 1940

House of Representatives,
Select Committee to Investigate the
Interstate Migration of Destitute Citizens,
Washington, D. C.

The committee met at 10 a. m., Hon John J. Sparkman presiding.

Present: Representatives John J. Sparkman, Claude V. Parsons, and Carl T. Curtis.

(Chairman Tolan was absent because of illness; Mr. Osmers was out of the city on account of business.)

Also present: Robert K. Lamb, chief investigator; Henry H. Collins, Jr., coordinator of hearings; Creekmore Fath, and John W. Abbott, field investigators; Ariel E. V. Dunn and Alice M. Tuohy, assistant field investigators; Irene M. Hageman, hearings secretary; Richard S. Blaisdell, editor; Harold C. Cullen, associate editor.

Mr. Sparkman. The committee will be in order. The first witnesses this morning will be Mr. Clague, Dr. Coffee, and Mr. Alves.

PANEL TESTIMONY OF EWAN CLAGUE, DIRECTOR, BUREAU OF EMPLOYMENT SECURITY; DR. E. R. COFFEE, UNITED STATES PUBLIC HEALTH SERVICE; HENRY S. ALVES, OFFICE OF EDUCATION; AND MARTIN F. CARPENTER, BUREAU OF EMPLOYMENT SECURITY

Mr. Sparkman. Will each of you gentlemen give the reporter your name, and state the official capacity in which you appear?

Mr. Clague. My name is Ewan Clague, Director of the Bureau of Employment Security.

Dr. Coffee. I am Dr. E. R. Coffee, of the Public Health Service.

Mr. Alves. My name is Henry S. Alves, from the United States Office of Education.

Mr. Sparkman. Gentlemen, we have the prepared statements that you have submitted to us, and they will become a part of the record. We would like for you gentlemen to proceed in whatever way you see fit. It may be that each one of you will be glad to give the high points of your particular paper, and then have us ask some questions. Of course, while that is being done individually, we want each of you to feel free to interrupt at any time and make any comment or ask any question you wish.

Mr. Clague, your statement will be entered in the record at this point, and then you may discuss the subject matter.

(The statement is as follows:)

STATEMENT BY EWAN CLAGUE, DIRECTOR, BUREAU OF EMPLOYMENT SECURITY, SOCIAL SECURITY BOARD

The Program of the Bureau of Employment Security As It Relates to Migration

The labor available today for employment in any single manufacturing or agricultural area can be defined no longer by geographic boundaries. Cotton pickers arrive in the fields of Arizona from the adjoining State of California or from as far east as Mississippi and Tennessee. Beet workers move north through the Great Plains and Rocky Mountain States harvesting the suger-beet crop. Up and down the eastern and western seaboard agricultural workers follow the fruit and vegetable crops, many of them crossing State lines several times during a season. These agricultural areas constitute a labor market in which supply and demand factors operate without regard to civil or administrative boundaries.

The mobility which characterizes the supply of seasonal agricultural labor is also common to other occupations and in other industries. For a long time students of labor mobility have realized that railroad, construction, and oil field workers follow the source of their employment and in many cases maintain only temporary residence in a community. Recently the increase in production of materials essential to national defense has drawn the skilled labor supply of our country into areas of industrial activity. All of these migrants—those who regularly follow some seasonal or shifting employment, those who move from depressed areas to areas of labor demand, and those unemployed who travel haphazardly from one place to another always in the hope of finding some permanent means of subsistence—present special problems which are the concern of Government agencies interested in the economic security of labor.

STABILIZATION OF WORKERS' INCOME

The Bureau of Employment Security attempts to stabilize the income of these workers in two ways: First, by providing a national system of employment exchanges organized to bring workers in contact with the jobs for which they qualify; and second, by providing compensation for temporary loss of income during periods of unemployment. Today the United States Employment Service offers a uniform procedure through which workers may receive information regarding job openings in every section of the country. It is no longer necessary to migrate from an isolated community to some large industrial center in the search for employment. Approximately 1,500 public employment offices in 51 States and Territories of the United States are operating to serve the needs of labor and employers. In addition over 3,000 locations in sparsely populated areas are visited periodically by itinerant interviewers. These offices make possible the widespread circulation of employer orders and the dissemination of information regarding job opportunities. A national system for the interstate control of employer orders and the referral of labor has recently been organized on a regional basis so that, when the supply of labor in a particular occupation is exhausted in one region, orders may be cleared systematically in other regions. This has greatly facilitated the referral of workers to defense industries in spite of certain stringencies in the labor market.

SHOULD DISTRIBUTE JOB INFORMATION

Through the use of State employment services, and a national system for the distribution of reliable job information and the clearance of labor between States, much of the unnecessary migration of unemployed job seekers can be eliminated. As workers and employers learn to use the facilities of the United States Employment Service the number of persons who leave their home communities in search of employment only to become destitute migrants will decrease.

Employment Service facilities can also be used effectively to direct the movement of workers who migrate in response to seasonal demands for labor. This is especially true in agriculture where the objective of the service is to meet the needs of both growers and workers and at the same time to avoid unnecessary and fruitless migration. Functioning in the agricultural labor market, and in cooperation with other agencies, the Employment Service can be a means of stabilizing farm-labor resources, providing a more adequate income to a limited number of qualified workers, eliminating the irresponsible recruiting practices of labor contractors, and providing growers with workers who are experienced in a particular type of crop activity.

UNEMPLOYMENT COMPENSATION FOR MIGRANTS INSUFFICIENT

The present unemployment compensation program offers a certain amount of economic security to migratory workers. State unemployment compensation systems provide that every unemployed worker who meets the qualifying requirements for benefits in the State in which he has been employed is entitled to receive those benefits even though he may have moved to another State. This system of interstate claims permits workers to return to their home communities, or to move on to another State in search of work, during periods of unemployment without foregoing their benefit rights. Thus, through the receipt of unemployment compensation many covered workers who migrate across State lines, as well as those who remain in the community, obtain some protection against loss of income.

A recent study has been made in Tennessee using data concerning interstate claims filed in that State against benefit rights earned in Michigan. An analysis of this material indicates that a pattern of migration exists between rural areas in Tennessee and industrial centers in Michigan. The Tennessee workers who migrate in response to seasonal demand in Michigan's industries, return to their homes during seasons of slack industrial employment. Many of these workers are prevented from becoming stranded in Michigan by their ability to qualify for unemployment compensation.

However, present State unemployment-compensation programs do not meet the needs of all groups of migrants. Every State unemployment-compensation law with the exception of that for the District of Columbia specifically exempts agricultural labor. Other States, through their eligibility requirements and their limitations on benefits paid to seasonal workers, in effect exclude many seasonal migratory workers. Still a third group of migrants is excluded because they have not been employed long enough in any one State to qualify for benefits under any State unemployment-compensation law, although their total wage credits, if earned in a single State, would have been sufficient to qualify for benefits. If the present increase in production of defense materials tends to stimulate labor mobility, this group of workers, who cannot qualify for benefits because they have moved to employment in another State, may increase significantly.

MUST INCREASE MIGRANT INCOMES

There is a pressing need to provide a continuing income to migratory workers who by reason of short periods of employment coupled with low incomes are frequently without resources. The employment service may help to eliminate long periods of unemployment and to prevent the misdirected and uneconomical migration of workers.

Effective coverage of migratory workers under unemployment compensation depends in large part on the extension of coverage to agricultural workers generally, and on the liberalization of seasonal exclusions, since so many migrants are attached to agriculture or some other seasonal industry. These extensions involve problems of administration and cost. Whether the costs should be borne primarily by the seasonal industries (including agriculture), whose labor needs require a mobile reserve of migratory workers, is a question in need of further serious study. Furthermore, the administration of a system of unemployment compensation for agricultural workers is itself complicated by the fact that so many agricultural workers are migrants. Since a worker would be required to register for work and claim benefits reasonably near his place of employment or his residence, a considerable extension of the services now available through the public employment offices would be necessary.

The problem of obtaining benefits for workers who, although nominally covered, have not remained in any one State long enough to qualify is directly related to the marked differences in State unemployment-compensation laws. The possibility of establishing standard eligibility requirements for every State is very small. Under the Tax Act no provision is made for a Federal fund or the establishment of certain Federal eligibility requirements which would enable the Federal agency to administer a system of benefit payments to interstate migrants.

TESTIMONY OF EWAN CLAGUE—Resumed

Mr. Sparkman. Mr. Clague, you may proceed as you see fit.

Mr. Clague. I think the relationship of our Bureau of Employment Security to this whole problem has two main aspects. In this Bureau we combine the work of the United States Employment Service and the work of the Federal and State systems of unemployment compensation.

With respect to our Employment Service activities, we play a part in the migrant problem, particularly in two ways: one, in facilitating the movement of workers to places where they are needed for work, and the other is in restraining or in modifying useless or needless migration of workers where the workers, perhaps, should not be moved from one part of the country to another. In our unemployment compensation activities, we have a system of State unemployment-compensation benefits by means of which workers are paid unemployment compensation for a period of time following a period of work, and since much of this migration is from one State to another, we have devised a system of interstate benefit payments by which a worker who is qualified in one State may receive his benefits while in another State looking for work. This system is now adhered to by all the States of the Union except the District of Columbia, which is prevented from doing it by its statutes. We have over the period of the last 2 years perfected, or at least developed, the system or the interstate arrangement by which workers are paid in one State who have come from another State. In that way we do insure to some extent that the worker who does move around looking for work is not deprived of unemployment compensation.

On the other hand, I must point out that workers who work in different States and are unable to earn enough wages in one State to qualify in any one State in consequence of their rapid movement, may be deprived of any benefits or rights whatsoever. Also, even where they do qualify, the amounts of their benefit rights are comparatively small. We have some studies which have a bearing on that and show something of the extent to which these interstate migrants do fall short of getting the unemployment compensation that they might be entitled to on the basis of their work if it were all concentrated in the same State.

UNCONTROLLED DEFENSE MIGRATION

With respect to the employment service question, I might mention again that we have had in the past a very great problem, particularly with respect to the interstate migration of farm labor. At the present time, due to the tremendous expansion of the defense industries, we have an industrial flow of migration which in certain respects takes on some of the characteristics of the farm-labor migration, with this difference: that probably a larger percentage of the migrants are directed toward jobs which may likely materialize, whereas in the former case of farm-labor migration, the opportunity may not materialize. However, in a great many of the States where they have new cantonments going up and new defense industries being established, they have started to get a more extensive uncontrolled migration than we had in the case of the agricultural migration. The Employment Service is endeavoring to establish machinery by which to control that migration, moving workers to places where they are needed, and keeping out the workers who are not needed, but who would simply cause a social, health, and welfare problem when they moved in.

NATION-WIDE EMPLOYMENT CLEARANCE

We have established an interstate Nation-wide clearance machinery. The machinery, it is true, already existed, but it has been gradually developed and extended, because so many workers are moving across State lines, and because so many jobs are being offered that we cannot fill locally. In this machinery, we have a series of clearance offices by which we clear people for jobs offered in an area where they cannot be filled locally. If we cannot fill them in that way, we pass them into the Nation-wide network. A great many jobs at the present time are filled without going through the clearance mechanism in order to be filled, particularly in the skilled occupations.

Perhaps, I should say a word about the farm or agricultural labor. We have always been deeply conscious of this widespread agricultural migration, and have from time to time endeavored to work out some satisfactory method of controlling the migration from the Employment Service point of view. I believe we now have a mechanism by which that can be done, and we are expecting to develop that during the next 6, 8, or 9 months, preparatory for the work next summer.

I think that, perhaps, presents the subject from our point of view. I will be glad, of course, to answer any questions.

MODIFIED FARM PLACEMENT SERVICE

Mr. Sparkman. You say you have machinery for handling the farm migrant situation now. Is that a Farm Placement Service?

Mr. Clague. It is a modification of the Farm Placement Service we have had for some time. For some time we have discussed this along with certain problems in connection with the Farm Placement Service and which were not wholly solved. We have never been quite satisfied with the mechanism that we have, and we are now modifying that in certain respects, and greatly improving it, so that we hope we will have an efficient Farm Placement Service.

Mr. Sparkman. What is the relationship between the Farm Placement Service and the Veterans' Placement Service?

Mr. Clague. Theoretically, there is not necessarily any connection. We have in a few instances used the Veterans' Placement Service representative as a farm placement service representative. Perhaps I should explain that we have a Veterans' Placement Service, a Federal service attached to the Federal bureau, by which we have one person in the State with our Veterans' Placement Service in the State, or a representative of the Federal bureau, who looks after the interests of veterans in the placement service of the States. We have a much smaller number of farm placement representatives. They are limited in number, and where the farm problem is less serious, particularly the interstate migratory farm-labor problem, on a few occasions we have in the past merged those two services with the Veterans' placement representative in the State also handling farm placement work in the State. I should explain that we do not do any direct farm-placement work as such. This man who is in the State is simply there to help the State or aid it in operating its farm placement service. This arrangement or combination with the Veterans' Placement Service has not worked especially well, and it will be discontinued at any place where it is in effect.

MIGRANTS' UNEMPLOYMENT BENEFITS MEAGER

Mr. SPARKMAN. You discussed a few minutes ago the failure of a great many migrants to get certain benefits, particularly unemployment compensation benefits that they might have gotten had they not been moving from State to State. I do not suppose you have the information with you, but I wonder if you have it in your office, showing to what extent that has been true.

Mr. CLAGUE. Yes, sir; I do happen to have a study here on that very point, from which I might cite something. I do not know whether this study has previously come to your attention, or not, in the course of your hearings. This study was made by Dr. Stanchfield, chief, research, statistics and planning section, Michigan Unemployment Commission. He made a survey of the situation in the State of Michigan respecting workers in that State who went back home and drew benefits from the State of Michigan, drawing them in the States where they were living. A companion study was made in the State of Tennessee. I might read you a few statistics from Mr. Stanchfield's report. He makes this statement:

> In 1939 about 20,000 individuals filed interstate claims against Michigan, and more than 12,000 individuals actually received benefits based on such claims. Altogether, in the 2 years ending June 1940, at least 30,000 individuals probably have filed claims in other States against the Michigan Unemployment Compensation fund.

Here is an interesting statement from Dr. Stanchfield's report:

> Less than 20 percent of the interstate claims come from States adjacent to Michigan, while 80 percent come from nonadjacent States. A relatively large part of the total comes from the Appalachian States (Kentucky, Tennessee, Pennsylvania, and West Virginia). Other important States to which migration occurs are New York, California, and Missouri.

In other words, these workers who come in to work in Detroit, moving from Indiana and Illinois, represents only 20 percent of the number, while 80 percent come from States farther away. He says a relatively large part of the total number comes from the Appalachian States of Virginia, Kentucky, Tennessee, Pennsylvania, and West Virginia.

This report further states:

A very large proportion of the interstate claimants have had insufficient employment to qualify for any benefits. In 1939, 42 percent of the interstate claimants were found ineligible, while only 12.5 percent of all Michigan claims were disallowed. This indicates that many of the migrants have had relatively little work in Michigan, or that they have worked in employment which is not protected by unemployment insurance.

WORKERS LOSE BENEFIT RIGHTS

In other words, out of the 20,000 workers who lived outside of the State and who got work in Michigan and then went back home, 8,000 lost their benefit rights, or the benefit rights they might have had. That was due to the fact that they did not work long enough in Michigan to become qualified under the Michigan law. However, if they had been able to add to their earnings in Michigan earnings they received in Tennessee, Kentucky, or Ohio, they might have had enough in all the States combined to have received some rights.

There is one other point of interest here in this report. There is no indication in this Michigan report that these workers were performing low-grade work. It appears from the report that average earnings were $13.46 as compared with $13.78 for the whole State. Therefore it would appear that these out-of-State workers were not engaged in an unskilled type of work, but that they were engaged in work performed by the ordinary normal laboring people in the State of Michigan. It would appear that they were of the average class employed in the industry in which they were engaged.

Mr. SPARKMAN. Are these unemployment-compensation payments made out of State funds?

Mr. CLAGUE. Yes, sir.

Mr. SPARKMAN. In which the Federal Government does not participate?

Mr. CLAGUE. The Federal Government participates to the extent that the administrative expenses are partly paid by the Federal Government.

Mr. SPARKMAN. But not the benefit payments?

Mr. CLAGUE. No, sir; not the benefit payments.

The State funds are deposited in the Treasury of the United States as State unemployment-compensation reserve funds, but they can be withdrawn by the State for the payment of benefits. They do not belong to the Federal Treasury.

Mr. SPARKMAN. If these people who move from one State to another could add their various periods of service and have them credited, they would be entitled to benefits?

Mr. CLAGUE. Yes, sir.

Mr. SPARKMAN. Do you have any plan by which that might be worked out?

Mr. CLAGUE. We have been working on that in our bureau for some time. We always did recognize that that provision should be in any State plan. The difficulty is that it must be split up among the States. The first step we took, which we thought was important, was to make some arrangement by which the States would honor each other's benefit rights. All the States were willing to accept that except one, and all the States in the Union, except one, are now in that program. On the other hand, there was the question of difference in those rights, and there is the question of adding up the rights in the States. Where the workers moved from one State to another, while the amounts might be rather small, when added together they would make enough to qualify the worker to receive benefits. That makes a pretty difficult question for the States. There would be the problem in each State as to the qualification or eligibility regulations, and so forth, which each one would be allowed to establish. The States differ in certain respects, and sometimes it is more difficult to qualify in one State than in another. We are continually working on that problem.

RELATIONSHIP OF PLACEMENT SERVICES

Mr. SPARKMAN. What is the relationship between the Farm Placement Service and the State employment service?

Mr. CLAGUE. The Farm Placement Service, or the United States Employment Service, under the Employment Security Bureau, is really a type of assistance service that we supply to the States. There are officials on our pay roll who are sent as representatives into the States, and who reside in the States, working with the State headquarters. They are in the State employment service, and are there to help the States handle the problem of farm placement, and, particularly, to help the States to handle the placements across State lines. Our people can move freely across State lines. There are also persons who attempt to aid just in one State in the problem of farm placement. Therefore, they direct their attention toward facilitating the movement of workers or, possibly, limiting the movement of workers across State lines where agricultural labor may or may not be placed. They do not do any placement at all. Our Farm Placement Service is just a facilitating service. It has no direct employment-service function. It does not in any way directly modify the State employment service practice, but serves in every way possible to assist the States in handling the problems.

Mr. SPARKMAN. The States have set up State employment services?

Mr. CLAGUE. Yes, sir.

Mr. SPARKMAN. What part of that service is financed by the Federal Government?

Mr. CLAGUE. A very large proportion of it. Through our Social Security Board we make grants to the States for unemployment compensation and for the employment services. They are 100-percent grants—entirely Federal—for paying the salaries of State officials engaged in that work.

STATES MATCH FEDERAL FUNDS

Mr. SPARKMAN. Is that true of both the unemployment compensation and the State employment services?

Mr. CLAGUE. With this modification, that there still remains the Wagner-Peyser fund, which is $3,000,000 a year of Federal money available for matching by State funds on the 50–50 basis. One of the Social Security Board's requirements is that any State which gets a

100-percent grant must first pay a proportionate amount to that $3,000,000; so that what finally happens is that the State puts up its fraction of the $3,000,000. They match that with the $3,000,000 of Wagner-Peyser money. That goes into the fund, and whether it is for the Employment Service or for unemployment compensation, it is paid out of that Federal fund. To that extent, there is a small State fund represented in the total amount. It runs at the present time to about 5 percent of the total administrative cost of the entire system.

Mr. SPARKMAN. That is for administrative cost?

Mr. CLAGUE. Yes, sir. Prior to the Reorganization Act of July 1939 the Service was separated. The United States Employment Service was in the Department of Labor, and the unemployment compensation work was centered in the Social Security Board. I should explain, however, that prior to that time the States and both Federal agencies, the Social Security Board and the Department of Labor, agreed that they should achieve an integration of the service in the different States. The Social Security Board for its part carried out the clause of the Social Security Act very strictly with respect to the payment of benefits. I cannot quote the clause exactly, but in substance it says that the Social Security Board shall administer the payment of the benefit payments through the Employment Service or such other agency as the Board may select.

In every single State the Board has selected employment offices, so, in reference to our unemployment-insurance program, the idea was to set up in every 1 of the 51 jurisdictions an employment service. I think there were some two dozen States that had a State service before our system was set up.

The rest of the program was that of the National Reemployment Service, a Federal program.

With the Board's regulations and cooperation of the Department of Labor, the effect was to set up in every State an employment service, largely financed with social-security funds, so as to have the two closely tied together. They are either in a State department of labor or associated with the State unemployment association or commission. There are very few States in which they are not definitely tied together in a single agency.

EMPLOYMENT UNITS CONSOLIDATED

At the Federal level the United States Employment Service was moved to the Social Security Board, and our Board felt very strongly the desirability of bringing these two organizations closely together, so they put them in the same bureau, the Bureau of Employment Security. So, in every respect, they are a single integrated organization.

Mr. SPARKMAN. Who is responsible for determining whether the workers in one State may be referred to employers or an employment agency in another State?

Mr. CLAGUE. If we can control it, it comes through our clearance mechanism. What ordinarily happens is this, and it is happening every day: An order comes in from an employer in a certain community, perhaps in one of the new Army camps, or a defense industry. This order is given to our local employment office in that community. That office tried to fill the order from local men. Our first preference is to fill such an order locally. If that cannot be done, then we start out in widening circles. In the course of that clearance that office contacts a nearby office to endeavor to have that order filled. If they cannot do that, then they pass it on to the State headquarters. They try the State-wide clearance to find whether there are any offices in the State who can fill that order. If not, it then moves to our Federal regional clearance machinery, and there it is in the Nation-wide system. We might place the order a thousand miles away; wherever we know we would have such men available we would send the requisitions to those offices and get them to find out what they have available, and those men would move to such localities.

Mr. Sparkman. You said that preference is given to workers in a local community first?

Mr. Clague. That is right.

Mr. Sparkman. Or in that particular State.

MIGRATORY WORKERS NEEDED IN DEFENSE

Mr. Clague. As I said, we work out in ever-widening circles. We think the least migration is most desirable, and we carry out that policy to the maximum extent. We try to prevent excess migration, but, of course, sometimes we do not find the men in a particular locality or State.

Take the recent expansion in the shipbuilding industry, for instance. That involved, for the most part, work on the east coast, and it is obvious that as soon as we exhausted the supply on the Atlantic seaboard we had to go inland in order to secure the required number of men. It was evident that there were some people with shipbuilding experience which they had acquired years ago who might be in some of the inland or middle-western communities. So, under our clearance system, we were able to bring them to the coast. We always get them, as far as we can, from the nearest available center.

Mr. Sparkman. Has this policy been put into effect or operated in Colorado with reference to the sugar-beet workers? I ask that question because at the hearing we held in Lincoln, Nebr., there was some testimony with reference to the operation of the employment service in connection with the sugar-beet workers.

Mr. Clague. I think I would like to answer that question definitely enough to show where we come in and how this sugar-beet problem affects us.

In the first place, the migration may be carried on without our control or without the use of our machinery. Many employers do not recruit through our service. They may have a recruiting system of their own. They may have labor scouts or agents who pick up labor, or they may advertise in newspapers far afield.

Mr. Parsons. In many instances that is done, more in Michigan than in Colorado.

Mr. Clague. That is right. They probably do recruit from far afield. Frequently they want to bring in migratory labor which will migrate out when the season is over. Under those circumstances the Employment Service can do very little about it. We do not attempt to, nor can we delimit that migration. If it does come through our office, if the employers have selected our service to work for them, we do try to regulate this internal migration. But it is true that many established lines of migration are already in operation. I mean, for instance, that there is a flow of workers from Mexico into New Mexico, and then on to California, and then from New Mexico to Colorado, and then further north.

CONTROL OF MIGRATION

Our ideal system is that we would have such a system for the industrial areas. We would have the theory of the ever-widening circle, and, as far as possible, have home labor, and it would be recruited in advance. We would have it all spotted in advance, and when we knew how many workers were needed in the Colorado beet fields, we would have all lined up in our offices people who would be available in that particular area, and then when the demand ran beyond the supply we would bring in what was needed. Then we would have no labor surplus in that community, provided we controlled any migration that might occur.

At present we are in the intermediate stage of working out an ideal system of supplying the demand from local labor as far as possible and limiting the migration to the workers needed to supply the demand at a particular place.

Mr. Parsons. In that connection, at some of the other hearings, we developed the fact that in many instances the employers preferred out-of-State labor to their own local labor.

For instance, in New Jersey we found that several years ago the local labor did the potato picking, but now the youth in many instances will not do the picking, so they have to import out-of-State labor to do the work. We found them taking labor from Pennsylvania.

We found the same thing at our hearing in Chicago, in connection with the Michigan sugar-beet fields. To what extent have the employment offices sought to eliminate that out-of-State migration?

Mr. Clague. To a certain extent we have tried to eliminate that migration and tried to build up good will and encourage employment of local labor, and if we are in the picture, if the employer has used us, we constantly go to the employer to get his business.

On the other hand, if he does not want to use us, there is nothing we can do about it. We keep going to him to get him to let us handle the job, because we think we can arrange a more orderly system than he can.

If he works with us, we use our regular machinery and our method in trying to have him use local labor.

Generally speaking, you will find, in the cases you cite, that it may be a wage and labor standards question. He may have the feeling that the outside labor he can bring in will work for lower wages and longer hours, or under less favorable conditions. Under those circumstances, we have no control over it. We do not set wage rates and do not want to. We would usually use persuasion, and would use a maximum amount of persuasion, but still he might insist on bringing it in from the outside.

We would then exercise our judgment as to whether we would bring it in or tell him to bring it in himself, and if we received another order we would probably refuse that order, and he would probably undertake to bring them in himself.

MICHIGAN EMPLOYERS HIRE TEXAS LABOR

Mr. Parsons. We found in Chicago, or we were told, that the employers in Michigan who desired workers in their beet fields preferred the Texas workers to any other class of people.

Mr. Clague. That is right.

Mr. Parsons. That their local health authorities were cooperating with their local private employment agency in going to Texas and making physical examinations before they brought field workers from Texas to Michigan.

We also found at Oklahoma City that the Texas State employment offices were rendering very great service in that respect. I believe that during the last 3 or 4 years they claimed they had filled over half a million jobs. Of course, those were part-time or seasonal jobs, in most instances.

Mr. Clague. The Texas service is perhaps one of the best and most effective placement services in existence.

Mr. Parsons. It so impressed me.

Mr. Clague. They have very good control in Texas of the farm-labor migration, and they do make hundreds of thousands of placements every year.

Mr. Sparkman. You made some reference to your work with the National Defense Commission. Are you functioning directly in helping the various defense projects to obtain a proper labor supply?

JOB PLACEMENTS IN DEFENSE INDUSTRIES

Mr. Clague. Yes; we are in the closest and most direct relationship to the National Defense Commission, particularly with Mr. Hillman's office. The members of our staff sit with his staff three or four times a week. We have directed our operations to provide placements in defense industries, because the load and volume of reemployment in the country is higher than it has been in years, if not for all time; I mean, the monthly rate at which employment is stepping up. So we are now approaching the situation where a tight labor market is in prospect, and therefore with a greater need for the careful handling of that market.

Mr. Sparkman. Do you make any effort to hold down the flow of your labor? Two or three times in our hearings reference has been made to the conditions in Camp Blanding, Fla., and my impression is that entirely too many people had flowed in there. Do you make any effort to hold that down?

Mr. Clague. Yes; we exercise every influence we can to hold that down. As soon as a new project opens up we go to the employers and endeavor to get them to give us the job of handling their labor supply for them. If they will do that, we then start our machinery of local placement and emigration, in the proportion, and at the time, and in the way needed by them.

There are two things that handicap us in that respect. An employer can deal with us directly, or he may also deal on his own. He may put an advertisement in a paper for workers. That happened the other day with respect to a camp in Tennessee. An advertisement appeared in an Atlanta paper. Obviously, we cannot regulate the flow of persons who respond to such an advertisement. They will go to the camps, looking for work, and they are dealing with him, in addition to dealing with us. He puts them on as he needs them, and in that respect he can control it.

Mr. SPARKMAN. Suppose you know there is an oversupply, for instance, at Camp Blanding, or any other camp; is there anything which would prevent your service from inserting ads in papers advising people that there is no need of going to such a place for work?

Mr. CLAGUE. I had not thought of that particular matter. We try to get those people who have come in and registered at the offices we have set up in those places. We have 1,500 full-time offices and 3,000 part-time offices throughout the country.

If we do not have a full-time office we put a man there to try to help people to register in their particular areas, and through our Nation-wide clearance we would pool those people.

Mr. SPARKMAN. A great deal of the trouble has been due to the fact that they moved from their homes out there.

Mr. CLAGUE. That is right.

Mr. SPARKMAN. I was impressed by this condition in California. In one of the migrant camps in southern California a number of people had heard that there was work on the Oregon border, and they had driven up there in great numbers to find work, which lasted only a few days, and then they had to come back. Naturally, there was a great expenditure out of their funds in making that trip.

All around over the country at the hearings we have held we have heard considerable criticism of the Employment Service—I probably should not say criticism, but deploring the fact that the Employment Service was not functioning in the way that most people seemed to think it might function in gathering information and making it available to all these people looking for work. It seems to me some plan could be worked out whereby the Employment Service could make that information available before a worker goes to a place and finds that he is a surplus worker.

REPORTING SYSTEM FOR JOB INFORMATION

Mr. CLAGUE. That is right, and if we handle the job we ought to know the circumstances under which he is being sent.

We are perfecting such a system. We have a reporting system from every one of the 1,500 offices.

We have a visiting program in connection with employers in that vicinity by which our regular workers, in the course of their normal contacts, find out what labor an employer will need in the next 60 days, for instance.

All of that material is sent to Washington and made available for ourselves and for the Defense Commission.

We have a picture every month of the situation throughout the country as to the labor supply and labor shortages, the number of jobs that are available for transients, and so forth.

Now, we would not send this kind of a person from lower California to Oregon on a chance, or on the basis of hearsay knowledge of that job.

If that sort of a job was handled by us it would have come through our clearance system, through the local office in Oregon, and that local office would know what kind of a job was open, and they would be able to tell a man about that job. The whole thing would thus be handled in an orderly fashion.

I would not say that what I am describing is our ideal system. I would not say we would not slip here and there, but there would be an employment-office manager there who would give careful consideration to those details.

Mr. Sparkman. Of course, I realize, with reference to the person handled through your office—I am speaking of it from the standpoint of the information you could give persons who may come to you; if you find out that the work is of a limited character, why could you not post a notice making the information available so that a person who may just casually come in contact with your office may know that it would not be desirable to look for that particular work. What I am thinking of is getting information to as many people as possible ahead of time.

Mr. Clague. What you describe is done in a State like Texas. I do not know that they use posters, but they do use itinerant agents who are moving around wherever migration is occurring.

The Service does put out men who are available at street corners and at little places along the road, and they furnish information. In all States we are not as well developed as we should be.

Mr. Parsons. Do you ever use newspaper articles, in the form of news items, for which the newspapers give you free space?

Mr. Clague. I do not recall that, but Mr. Carpenter can tell you about that.

TESTIMONY OF MARTIN F. CARPENTER, CHIEF OF EMPLOYMENT SERVICE DIVISION, BUREAU OF EMPLOYMENT SECURITY, SOCIAL SECURITY BOARD

Mr. Carpenter. In connection with the use of newspapers, we have had some items inserted.

In one State, the State of Indiana, with which I am particularly familiar, in 1 month we had over 340 articles which told of the supply of the labor market in Indiana and surrounding States, particularly giving information as to the automobile industry.

During the season of the canning industry we did have a release, particularly to the southern Indiana papers, which was also carried in the Kentucky papers, and we dealt with the Kentucky service in them, and they got information concerning the situation in the central parts of Indiana.

Mr. Parsons. Did the newspapers use your articles?

Mr. Carpenter. Very definitely so. We had 345 articles in that one State alone in 1 month.

Mr. Parsons. I think the newspapers, if the matter were explained to them, can always use such items as items of news. It helps fill their columns and renders a service to the public, and that is what a newspaper, in part, is for.

Mr. Carpenter. Especially if it is well developed by putting it into such form that they can easily pick it up. That is why I think we should put greater stress on our national service.

Mr. Parsons. The thought has occurred to me in connection with all these hearings that if the Employment Service would utilize the newspapers, especially the local papers, you could get this information to the general public in very good shape, and in addition to that, of course, you could probably post bulletins on bulletin boards on all public places, such as post offices and courthouses.

Mr. Carpenter. There is one precaution that we have to be careful about in that connection, and that is that the situation changes from week to week. In other words, the condition in some places in the canning industry changes almost overnight, dependent on various factors.

JOB NEWS BROADCAST BY RADIO

Mr. Parsons. It only lasts a few days in certain areas, in connection with certain products.

Mr. Carpenter. I should also mention the fact that we also use the radio extensively. We had in Indiana 14 different radio stations giving us the time we needed for our spot announcements.

Mr. Parsons. Many times, however, the radio information conveys a lot of misinformation. I do not say that in any criticism of the broadcasting stations.

For instance, I have been receiving mail, and I assume a number of my colleagues have, stating that people have heard over the radio that such and such a type of men are needed for national defense, for instance, in connection with clothing in the Quartermaster Corps of the Army, or in connection with food, also in the Quartermaster Corps. When an investigation is made it is found that the gate is closed down here to those men, so that that information is quickly developed into misinformation.

I mention that incidentally because it has come up in regard to some notices in the last few weeks.

Mr. Carpenter. That is why we are very careful about radio announcements, unless we can be there ourselves and be responsible. We rather avoid using the radio, except for standard spot announcements that universally hold true in standard practice.

Mr. Sparkman. In connection with the use of newspapers, most of the news items I have read, coming from the Employment Service, have had to do with the number of placements they have made.

I realize that makes nice reading, but it seems to me, for the good actually done—perhaps we might brag a little that we have kept these people from spending money and going to a place looking for a job that was not there. It seems to me they might use some of the publicity along that line.

EMPLOYMENT PROMOTION JUSTIFIABLE

Mr. Carpenter. I think the newspapers are getting so much information that it is difficult for them to use it efficiently. In the Employment Service, in our promotional work, we have more justification for telling what we have done and what we would like to have done than perhaps other agencies have.

Mr. Curtis. I would like to ask both of you gentlemen a question. Would you recommend that hereafter, in connection with any appropriations for national-defense contracts, Congress should specify that the United States Employment Service shall take charge of employment?

Of course, the very nature of the defense contracts involves great public interest.

It is apparent that there is a tremendous transient problem which is created under the present system.

Why not turn that employment over to you, other than that for those who live within a certain specified radius of the actual work?

TESTIMONY OF EWAN CLAGUE—Resumed

Mr. Clague. There has been a good deal of discussion in our service in connection with the National Defense Commission on that question, as to how far we should go in setting up some control on employers in the recruitment of labor.

We have not thought of going so far as you indicate in giving us a complete monopoly of the control of the labor market.

We have seriously discussed going part way.

For example, one formula that has recently received a good deal of attention in our staff was in connection with allowing an employer to recruit locally, as he sees fit. He has many of the processes that he has used in the past and can use again. Many of the local people formerly worked for him, and he writes to them directly. We would not attempt to have those pass through our office, but perhaps make the requirement that before he recruits outside of this locality he would have to come to us and give us that job, and if we could fill the jobs he has we would do; or if we could not do that we would give him a release and let him try to get them in any way he could.

Sometimes an employer wants men who are very definitely skilled. We have none.

Some of the radio announcements are for occupations for which there are not in any files the names of unemployed men in the United States. Therefore, we cannot help that employer. In that case an employer's advertisement in the newspapers is reasonable, because it brings in employed persons and puts their names in our files, who now leave their present work and go to this employer. Perhaps it is due to higher wages, or perhaps it is work which they prefer. So under those controlled circumstances, this advertisement will not do any harm, because it will not stimulate a large number of persons to move.

MIGRANT EMPLOYMENT CONTROL LIMITED

I think if we have an employer required to clear with us before he tries outside, that is about as far as we might go. I think that that might give us enough authority to enable us to handle it. Whether we need legislation for that purpose, or can do that through the wording of contracts, I would not presume to say.

Mr. Curtis. As to your reference to that particular angle of the problem that this committee is studying, the important point, so far as action is concerned, would be that the person would have to clear through the local employment agency where he was, before he would be recognized at a distant point in connection with a job. We would not have to pass any law prohibiting him from traveling, or doing anything within his rights as a free American citizen, but he would understand that he would have no chance for a defense job unless he was cleared through an employment agency where he now is.

Mr. Clague. Yes. That is the other side of the picture, and I would like to make an explanation of what we think of that point, as we do not want to have a requirement which would mean that we controlled the movement of every worker, but in the normal operation of our service to have a pretty effective control from that point of view if the employer is dealing with us.

May I make that clear? The employer is really putting his business in our hands; for example, let us say one of these camps will put up a sign, an ordinary sign, stating that all of his employees are recruited directly through the employment office, that all people who come to a plant to get in or to get employment are interviewed and secured through the employment office.

Now if that is the situation, then what can we say to anybody who may never have heard of the employment service, but who goes to the employer's plant seeking a job? If he sees a sign or is told to go back to the local office in this new plant and when the need arises they will employ him, naturally, he is going to go back to that plant continually to seek employment. But, if he comes to us, we can tell him whether there is any immediate need for his service, and if not, he can go back to his home town and that we will give him notice, that we have his name on the list and will notify him when he is needed. In that way he will not need to wait around the place where he is seeking employment.

But if the employer, whether he deals with us or not, hires those who just wait, naturally these people seeking employment will not feel at liberty to go home because they will have the feeling that the man who is at the gate in the morning or next week will be the man who will be taken on, and so our attempt to meet this difficulty is perfectly useless. But if we can somehow have an arrangement with the employers that when employment opportunities become available we can follow this method of putting the men on, who have been on the list, it will enable us to convince these men that it will not be necessary for them to stay around in order to seek work and receive appointment.

Mr. Curtis. Permit me to state for the record that this suggestion, while it was rather crudely thought out or made, and was not from the standpoint of regimenting the people in their movement, but it would merely move the place of application from the scene of the job to the home.

Mr. Clague. That is right.

Mr. Curtis. As a service to the applicant.

Mr. Clague. That is right.

Mr. Curtis. And if he understands that after a few days, or a few weeks, he could come back and get a job at the place he put the application in for, it would represent a great service to him.

Mr. Clague. That is right, if it be remembered always that they can rely on the employer using this service. Otherwise, if he is going to take the people who are at the gate it would mean we would simply be misleading those who had relied on this service.

Mr. Curtis. But, since Congress makes provision for the money, and provides public money, it is an activity in which the public is interested for that reason.

Mr. Clague. Yes.

Mr. Curtis. And it seems to me perfectly proper for the Federal Government to include a stipulation providing that the applicant for work should put in his application at the point closest to him.

MODIFIED CONTROL OF MIGRATION DESIRABLE

Mr. Clague. There is no question about the desirability of some regulation or modified control, but just what that should be would have to be thought out very carefully, and we ourselves do not feel like taking any greater control than is absolutely necessary in order to meet the demand.

Mr. Sparkman. Mr. Clague, we could continue all day in this field, which is certainly a very interesting subject, and you have gone down to the very roots of this problem, but we are going to have to hear some other witnesses.

There are one or two questions I wanted to ask you for the record and will ask you to be just as brief as possible in your answers.

When this defense program is over, when these various defense projects are finished, I suppose it is only reasonable to expect that we are going to have considerable labor thrown out of employment, and would you care to explain what plans have been made if any to meet that situation?

Mr. Clague. Yes. We expect that, as in the past, when the emergency is over there will be a downward movement just as there is an upward movement now, and for that reason the unemployment insurance system is one of the cushions that we expect at this time will at least afford a measure of relief that we did not have in 1929, 1930, and 1931; that that will be not only a facility that will enable them to place themselves in employment, but also perhaps have some effect on business conditions and in maintaining the purchasing power and perhaps preventing, to a degree, a repetition of our former difficulty. I would say we are quite conscious of the fact and the matter is being given considerable thought.

PLACEMENT PROGRAM FOR ARMY SELECTEES

Mr. SPARKMAN. Will you be in position to take care of the selectees returning from service at the end of the year?

Mr. CLAGUE. Yes; we have already been in touch with the selective service organization, and Mr. Dykstra's office and I think we are jointly working out a system which will help them in endeavoring to place every one of these men who do not go back to their former jobs.

Mr. SPARKMAN. The task of meeting the employment problem, connected with the migratory problem, is not one that calls for additional legislation, is it? It is a matter of employees, and providing you with sufficient funds and setting up your own policy and rules and regulations.

Mr. CLAGUE. I believe we have enough legislation to do everything that is needed with the possible exception of the last few questions that were raised here on that matter. We estimate that in the neighborhood of $3,000,000 additional administrative funds are needed to render a really adequate and effective Farm Placement Service. Such a service requires strengthening our local offices in many places, the establishment of temporary offices and expansion of personnel during periods of peak labor demands occasioned by seasonal agricultural activities, and increased supervision and control of movements of migratory workers by the Federal Farm Placement Service.

Mr. SPARKMAN. Thank you very much, Mr. Clague.

Mr. CLAGUE. Thank you.

TESTIMONY OF DR. E. R. COFFEE, PUBLIC HEALTH SERVICE

Mr. CURTIS. Dr. Coffee, we have received your statement and it will be introduced into the record at this point, after which we shall want to ask you some questions.

(The statement is as follows:)

STATEMENT BY DR. THOMAS PARRAN, SURGEON GENERAL, UNITED STATES PUBLIC HEALTH SERVICE

HEALTH NEEDS OF INTERSTATE MIGRATION OF DESTITUTE CITIZENS

Destitute citizens who migrate from State to State have a greater degree of ill health and, with the exception of beneficiaries of the Federal Government, receive less medical care than that experienced by other needy citizens. This statement is based upon the findings of A Study of Medical Problems Associated With Transients issued by the Public Health Service in Public Health Bulletin No. 258.

There are several factors leading to this very high rate of disabling illness. Transients are more likely than residents to suffer accidents while traveling from place to place; they are exposed to the risk of communicable diseases to a much greater extent than are residents, who do not live under the insanitary conditions often found in camps, shelters, and other forms of temporary habitation; and they are deprived, because of their lack of economic resources, of adequate shelter and clothes, and proper food.

Transients receive less medical care than do other needy citizens in the main because of their inability to satisfy existing settlement laws. However, the lack of adequate funds available to the States and to local communities for medical care services has a considerable influence in determining the amount of services rendered. The limitations on medical care serve in turn to increase the incidence and duration of their illnesses.

This high degree of ill health in transients, particularly in cases of typhoid fever, tuberculosis, syphilis, gonorrhea, malaria, and the other acute communicable diseases creates an outstanding health hazard to the citizens of the communities through which the transients pass and in which they temporarily stop.

In addition to direct measures for the rehabilitation and an order program for employment and relief of transients, the present cooperative program between the Federal Government and the State and local health authorities should be augmented so as to make readily available to all needy individuals, including transients, adequate public-health facilities, including medical care and hospitalization.

The financial participation by the Federal Government in this joint program should be made through funds made available under title VI of the Federal Social Security Act. This title of the act provides for grants in aid to States for the purpose of assisting States, counties, health districts, and other political subdivisions of the States in establishing and maintaining adequate public-health services. The presence of a considerable number of interstate transients in any State should be recognized as a special health problem in the allotment of these funds to the States.

Additional Federal funds would be necessary to accomplish this purpose.

TESTIMONY OF DR. E. R. COFFEE—Resumed

Mr. Curtis. Dr. Coffee, I have read your statement, and note the reference to Public Health Bulletin No. 258. Is that a rather lengthy bulletin?

Dr. Coffee. Yes, it is. I have it here before me. It has some 130 pages.

Mr. Curtis. What is the date of the publication?

Dr. Coffee. It has just been issued. We received it from the Printing Office about a week ago. It is the 1940 issue.

Mr. Curtis. In that event it would probably be a waste to incorporate that in the hearings, but is there any further identification which needs to be made at this point so those following the hearings can thave access to it?

Dr. Coffee. Nothing further. The title is "A Study of Medical Problems Associated With Transients." It is Public Health Bulletin No. 258.

Mr. Curtis. It is available in sufficient quantities?

Dr. Coffee. Yes.

MUCH ILLNESS AMONG TRANSIENTS

Mr. Curtis. Doctor, I have read your statement and I might say that the facts are quite well known to this committee in our field hearings. I believe it is quite well recognized that there is more illness among transients, poor people, out on the road, in many cases who have no home, and who do not have sufficient food, and because they are poor and unsettled they do not get the free medical attention which they should have. At this time we are going to take that situation for granted, and I am going to ask you to take a few minutes to discuss the remedy for the situation—for better medical care for transients, homeless people, and unsettled people; if you will just direct your discussion to title VI of the Social Security Act.

Dr. Coffee. We feel that the real problem of transients is not unlike that of poor residents of a community. Their situation, however, is aggravated by the nature of the conditions under which they live, the fact that they have to travel from place to place, making them more susceptible to accident, to poor housing conditions, and of course making them susceptible to the ordinary communicable diseases and the filth-borne diseases. The lack of economic resources renders them susceptible to a condition which is brought about from lack of nutrition.

Their big problem of course, so far as their inability to secure such medical care as they need is not altogether because of the settlement laws. Their problem, of course, is exaggerated as compared with people with a more settled economic status which of course throws a great medical burden on the local agencies which accept the responsibility.

It is our feeling that you cannot separate the medical care of transients from the medical care of the residents of a community, and we believe that any program set up should be based upon utilizing local health facilities in the community and accepting the responsibility and having the local community accept the responsibility for the medical care of the transients.

COMMUNITIES LACK MEDICAL FACILITIES

I think it is, of course, recognized, from studies that have been made heretofore, that the indigent residents are receiving medical care in their communities. To be sure, some communities are lacking in resources; many do not have sufficient facilities to meet their own problem.

We have had the feeling that we can develop throughout the Nation additional full-time local health service, and when I say full-time local health service I mean health service that puts its members on a full-time basis in order to furnish qualified people, that they in turn will be able to eliminate many of the unnecessary diseases and illnesses, and within their resources can be enabled to meet the need.

Mr. Parsons. We learned of one case in Florida of a town with a population of 5,000 normally, that for half the year its population was increased to 10,000 and that for 3 months in the year that is increased to 15,000, so naturally that would present a great health problem, quite a medical problem for that community.

Dr. Coffee. It would. Our study has shown, as indicated in Bulletin 258, where it is pointed out that the big problem in medical care is in intrastate transients; in other words, transients who stay within the State.

MOBILE MEDICAL SERVICE FOR MIGRANTS

It seems possible that a program set up on a State level, providing perhaps mobile medical service for local hospital facilities, to follow the migration of these individuals, could help supplement existing local facilities that under ordinary times meets the problems of the local individual communities. It is recognized, of course, that it would not be possible to set up permanent hospital facilities and permanent clinical facilities to take on the road to care for 15 or 20 thousand people for 6 weeks to 3 months use. However, there would seem to be a need in every community of permanent facilities to meet its local requirements, to be supplemented to meet the additional influx as individual needs are shown.

That would require organization within the States, without question, and, to meet the interstate problem, cooperation between the States and the Federal Government.

Mr. CURTIS. In reference to the lack of medical care for unsettled people, I assume that that is in the category of less chronic situations such as now exist and is not spread over long periods of time. But are there any States or communities that refuse to give emergency treatment to unsettled people?

Dr. COFFEE. The greatest service, medical service, rendered to transients by the community has been to the emergency cases. In other words, to accident, obstetric, and acute illnesses.

We found in our studies, and I think it is an interesting fact, that there was a lower or somewhat decreased number of these so-called degenerative diseases among transients than among the ordinary population of comparable economic status.

The biggest percentage of cases treated were the acute emergency cases, perhaps because of the settlement laws and due to the lack of sufficient funds. In other words, practically all communities would accept these emergency cases and give them treatment where it has been absolutely essential.

Mr. CURTIS. Do you feel the emergency cases are lacking in medical attention because of the settlement law requirements?

Dr. COFFEE. Our studies—we found on an average about 5 agencies in the ordinary city that were rendering medical care, and very little attention was paid to settlement laws in rendering service to the so-called emergency cases.

Now, of course, the cases that were in the emergency class were taken care of regardless of settlement laws, purely because of the human instinct of kindness to take care of those who were in an emergency situation.

Mr. CURTIS. Do you know what percentage of the young men registered for selective service have been rejected because of medical reasons?

Dr. COFFEE. No; I do not. Those figures have not been made available as yet. Of course, they are being compiled and we hope to have them, but they have not been made available so far as I know. The Surgeon General of the Army may be able to provide them.

I might say further, from the standpoint of title VI of the Social Security Act, funds made available by the Public Health Service to the States have been used in the main, since the advent of the Social Security Act and the first appropriation in the spring of 1936, by the States to build up their medical service in the rural areas because the rural areas have been neglected to a greater extent than the large urban centers. This was not done because of the fact there were greater health needs perhaps in the rural areas, but only because of the fact that in setting up their organization they had not been able to provide themselves with the health facilities in many of the rural areas that had already been provided in urban centers. And the States are developing a State-wide program, utilizing a large percentage of the money in organizing the health service at the present time, in something over 1,500 counties in the United States, of the three-thousand-odd counties, which have no full-time health service, and to have full-time health service now such as a public-health nurse, a sanitary inspector, public clinical service.

FEDERAL GRANTS FOR MIGRANT HEALTH AID

Mr. CURTIS. Now, what you propose is that a Federal grant to the State be made, conditioned on the extension of medical service to the unsettled, the same as is now given to the destitute residents.

Dr. COFFEE. That is right. In other words, if it could be possible that, as an additional allotment, the stipulation should be made that the fund was made available to provide for rendering medical public-health service and medical treatment to transients in the community.

Mr. CURTIS. Are you recommending any other legislation to supplement or to provide the aid needed in dealing with the general subject of health treatment?

Dr. COFFEE. No; we have the feeling that the whole problem is due to the lack of necessary funds, on the local basis, to meet the situation, and that, of course, somewhat aggravates the local situation because in the spending of tax money there is a feeling that they should care for their own, who are residents of the community.

We feel that if there is a cooperative program set up whereby the same type of service can be rendered to the resident as to the nonresident that a very satisfactory solution might be had of the problem, at least a start would be made to the solution of the problem.

Mr. CURTIS. Is the quest for health a contributing factor in the cause of migration?

Dr. COFFEE. It is a factor but not a large factor. A relatively small percentage of the people traveling interstate are in search of a more salubrious climate or healthful location.

Mr. CURTIS. Not among destitute people.

Dr. COFFEE. The biggest transiency of those seeking health are intrastate, of those going from rural areas to cities where organization and medical assistance and hospital facilities are available.

TUBERCULAR MIGRANTS SEEK HEALTH ON ROAD

Tuberculosis, of course, is the exception. The greatest percentage of interstate transiency in quest of health is on account of tuberculosis, and the fact that is true has been brought about by some misinformation and a belief that they can find a cure in high, dry climates. That, however, has been shown to be a fallacy, that just as adequate a treatment for tuberculosis can be given in one climate as another, so I think we are fast doing away with the misbelief, and we feel there has been a definite decrease in migration because of health.

Mr. CURTIS. Dr. Coffee, your statement will be made a part of the hearings. Is there anything further you would like to stress in reference to it?

Dr. COFFEE. I do not think of anything. Of course, we must recognize that the bulletin that has been mentioned, the bulletin on the studies, contains some very pertinent information with reference to the medical problems involved in transients, and I think this bulletin should be used in the study.

Mr. PARSONS. How much space would it require to take that publication, to boil down the recommendations, to bring it within the purview of this investigation? How much space would be required to take excerpts and insert them in the hearings?

Dr. COFFEE. Well, I would say that as the bulletin is printed there is a summary of conclusions with recommendations, and it would seem to me, perhaps, the summary is very helpful from the standpoint of giving data that is necessary, and from the standpoint of statistics, and perhaps we could insert the summary and the recommendations from the bulletin.

Mr. PARSONS. How many pages are used in the summary and recommendations?

Dr. COFFEE. About 14 single pages; 14 or 15.

Mr. PARSONS. I think that is a very important thing to put into these hearings, and, without objection from the committee, we will be glad to have a summary of the recommendations taken from the publication. There should perhaps be a little summary showing how the study was made, the reasons for it, and that ought to be inserted in the record at this point.

Mr. CURTIS. I am not objecting, Mr. Parsons, but do you not think Dr. Coffee should have a free hand to delete anything that he feels has already been covered in his statement, or, that in looking over, he may find is not essential.

Mr. PARSONS. Would it be too much trouble, Doctor, for you to prepare a summary of the recommendations, along with the summary, and submit that to be inserted in the record?

Dr. COFFEE. I will be glad to do that.

Mr. PARSONS. We will be pleased to have that for the record.

(The statement referred to follows:)

A STUDY OF MEDICAL PROBLEMS ASSOCIATED WITH TRANSIENTS

There is in the United States a large but fluctuating number of needy individuals, variously estimated at 200,000 to 1,000,000, who are discriminated against in programs of material aid and public medical care by the application of residence and technically related requirements. Such persons are called transients in this study.

The study is limited to the continental United States and is concerned with the health of transients as it is affected by their mode of life and social opportunities. It attempts to determine: (1) The origin of transiency from migration and the importance of lack of health as a cause; (2) the statutory limitations on public assistance to transients; (3) the administrative practices of agencies giving assistance to transients; (4) the medical needs of transients; (5) the influence of transients on community health; and (6) the most equitable and practical solution of the medical problems of transients and transiency.

Original and documentary data related to this subject are presented. Sources of published material used are given in the references. Original data collected and used include: (*a*) About 11,000 schedules recorded by trained workers in 20 cities of 15 States, containing the migration history, personal characteristics, and disabling illness and medical care history during a 3-month survey period of some 16,000 transients who were applying for public assistance; (*b*) 432 schedules on the admission policies of public assistance agencies in the same cities; (*c*) records of application of 1,488 transients for in-patient care at a large charity hospital; (*d*) serological reactions of 1,170 inmates of a large municipal shelter for homeless men; (*e*) results of chest X-ray examinations of transients in 19 cotton camps in a southwestern State; and (*f*) replies from 42 local governmental and nonprofit association general hospitals in California to a questionnaire concerning the number of transients hospitalized during 1938.

MIGRATION AND TRANSIENCY

Migration has been an outstanding characteristic of the people of the United States. Students of migration in this country are convinced that, since the forces causing it are still operative, it will continue and may increase in the future. It produces not only demographic effects, in that the age, sex, and race compositions of populations are materially influenced, but also a number of effects on social organization in general and community, family, and individual adjustment in particular. It is in the failure of individuals to orient themselves properly to new environments, especially in their failure to maintain or secure economic self-sufficiency, that transiency arises.

It seems indisputable that, if migration is to continue, and some proportion of the migrants may be expected to fail in their attempts at rehabilitation, social planning should be directed toward guiding the streams of migration and relieving the destitution of the unsuccessful. These functions can be carried out successfully only by cooperative Federal and State action.

Interstate migration is motivated largely by economic need, and only a small part of the whole is caused by ill health. Practically all the pathological conditions for which transients move across State lines are pulmonary, usually tuberculosis, and most migration of this type is directed toward the Southwest. It is estimated that there are now in the southwestern States at least 10,000 tuberculous transients who are unable to pay for needed sanatorium care. The highest proportion of individuals who became migrants because of health was found among transients interviewed in Hot Springs, Ark., followed in order of importance by Tucson, Ariz.; El Paso and San Antonio, Tex.; Denver, Colo.; and Los Angeles, Calif. By place of origin the highest proportion of health migrants was found among transients from the eastern States. One part of migration, usually not recognized, is that which was started because of economic conditions but turned toward the Southwest because of ill health.

Another large part of the transient problem that has been ignored in most studies and writings is intrastate migration. It is principally rural-urban and a considerable proportion of the individuals move in search of medical care—a factor found to be almost negligible in interstate migration.

No exact census of transients in the United States has ever been possible because of the very nature of migration and transiency. An estimate, based on data collected during the first quarter of 1938, indicates that some 400,000 transients applied for public assistance in 1 year throughout the country.

Data on transient cases in 1934 and 1938 indicate that families make up about one-fifth of the total cases, although the percentage probably is much higher in some cities. The transient family seems definitely to be increasing in size, particularly among transients from the States furnishing the greatest part of the transient population. There is also some evidence that the largest families are the least mobile.

In general, transients are younger than residents on the relief rolls. As between interstate and intrastate transient family heads, the interstate group contains the smaller proportion of persons 55 years of age and over and of youths under 25 years of age, while among the unattached the interstate group shows the smaller proportion of aged but a greater proportion of youths.

If classified according to the last State in which they had lived for as long as 1 year, practically half of the family transients interviewed came from 4 States—Oklahoma, Arkansas, Missouri, and Texas—and half the unattached interstate transients came from 11 States.

About 70 percent of the families and 77 percent of the unattached had been migrants for less than 1 year, while among those who had been migrants for as long as 2 years practically all of the family cases and more than nine-tenths of the unattached had lived in the State of interview 1 year or more.

These data indicate that the transient population is not, as is often stated, made up largely of a group of individuals who have chosen a life of migration. While some few do follow a pattern of seasonal movement or just wander from place to place as opportunity for economic improvement presents itself, it is believed that approximately three-fourths of the interstate transient group is made up of families and individuals who are in the process of relocation.

STATUTORY LIMITATIONS ON PUBLIC ASSISTANCE TO TRANSIENTS

The majority of States have among their statutes so-called "poor laws," "pauper laws," "public assistance laws," or "public welfare laws." In these laws the State imposes upon itself or its political subdivisions the obligation to relieve the destitute. Provision for public medical care usually is embodied in these laws—hence relief for the sick-poor is set within the framework for relieving destitution.

In 39 States the "poor laws" include other sections called "settlement laws" in which, with few exceptions, it is provided that the benefits of relief to the destitute are to apply only to persons defined by law as residents of the State or certain of its political subdivisions or both. There may or may not be further provision for the medical relief of nonresidents.

The history of settlement law may be traced to the feudal era in England. The English influence in this country is partly due to the legal concepts inherited and brought from England by the first colonists who, if not always racially identical, were culturally similar to the English. Settlement laws of the original colonies have served as models for subsequent State settlement laws. Another reason for the adoption in the United States of settlement laws closely resembling those of England during the seventeenth century is found in the similarity of social and economic conditions existing in the original colonies and England at that time. In both countries the chief occupations were agricultural and, with a relatively limited labor supply, the laboring classes were surrounded by a series of restrictions designed to attach them, as far as possible, to the locale where they happened to be settled. However, the most important reason for the existence of settlement laws, and the most important consideration in discrimination against the transient today, is the attempt of the individual communities to protect themselves from persons likely to become dependent.

"Commorancy" or residence, as such, in a given locality and over a stipulated period of time is a common prerequisite to settlement in the laws of all States, and the list of conditions under which residence must be accomplished in the various States is a long one. On the subject of where a person must have lived to acquire residence, the 39 States having settlement laws have 13 different provisions. This confusion alone has contributed a great deal to the difficulties involved in dealing with transients.

Provisions in regard to the length of residence required for settlement are more complex. Time required varies not only between States, from 6 months to 5 years, but often between political subdivisions within States, according to the person's financial status, his property ownership, or his state of health or that of members of his family.

Analysis of the provisions of the settlement laws over a period of 25 years shows that during that time one-third of the States have increased the period of residence required for settlement. Settlement laws in all but seven of the States having such laws make restrictive provisions that bear on either the continuity of residence or its chronological precedence to application for public assistance. Sixteen States void the entire period of residence if it is interrupted by a period during which the person is not self-supporting and, in others provisions change the period required if the individual receives specific kinds of support.

Citizenship is a prerequisite to settlement in one State and in one county of another State. In three States persons may be prevented from acquiring settlement in a town or county by a formal warning from the authorities to depart. Several States provide that employees and patients of State institutions either may not gain settlement or may do so only after a relatively prolonged period.

Statutory enactments on loss of settlement may be as effective in barring transients from public assistance as those relating to acquiring settlement. The situation regarding loss of settlement is less complex only because fewer States have statutes on the subject. Three States provide for loss of settlement solely on acquisition of any new settlement, six on acquisition of a new settlement in another State, and nine on acquisition of a new settlement within the same State. Eighteen States provide for loss of settlement by absence for a specified period which varies from 1 month to 5 years. In six States, the stipulated period for loss of settlement is less than is that for acquisition, and one State voids settlement after assistance as a pauper for 5 years.

Thirty-nine States make provision in their poor laws for the relief of nonresidents. In 32 States it is mandatory, in 2 it is mandatory for certain cases only, and in the other 5 the statutes are only permissive. In 24 States responsibility for the relief rests on local political units, in 3 States the State alone is responsible, while in 10 States there is joint responsibility.

Relief to nonresidents in some States is available only to those who are sick; in other States it depends on funds being available. Several States limit such relief to those "who have been committed to jail," "have been injured on the State highways," or "who are indigent by reason of physical or mental infirmity." Others specify "State paupers" (undefined) or "those who are not residents of any individual township." Probably the most important restriction on assistance to nonresidents is the stipulation, made by 19 States, that such aid be temporary or emergency only.

The settlement laws are the embodiment of a discrimination which most States and communities exercise against persons who have become or who are likely to become dependent on the community for assistance. Formulated originally both to protect the poor funds of the community and to restrict the movement of needed workers, they have been handed down to a society in which the free movement of labor is essential and economic distress in local governments is almost universal. The result of such a combination is easily predicted.

Many migrants have lost all rights to assistance in any State. Others are entitled to receive only "emergency" assistance, and the majority have no governmental organization to which they can turn for aid. It should be emphasized, however, that the settlement law per se is not the cause but only the statutory method through which transients are made the object of discrimination. Discrimination is equally definite where no such statute exists.

ADMINISTRATIVE PRACTICES OF AGENCIES GIVING PUBLIC ASSISTANCE TO TRANSIENTS

Three-fourths of the 432 agencies that assist transients in the 20 study cities are social, i. e., their primary function is to dispense general relief; and one-fourth are primarily medical. Medical agencies, however, handle only 13.1 percent of all applications from transient families and 7 percent of those from unattached transients. A count of transient applications in 1938 indicated that, in addition to the applications for aid at medical agencies, 2.7 percent of those at social agencies were also for medical care. In the 20 cities there are the same number of hospitals that give assistance to transients as there are clinics (or out-patient departments). General hospitals represent almost 63 percent of such hospitals, and maternity hospitals about 20 percent.

Of the 324 social agencies, 57 percent are mass-care agencies and they handle two-thirds of all applicants to social agencies. The remaining 43 percent are case-work agencies and handle one-third of the cases.

Thirty-two percent of agencies providing medical care to transients are under governmental control, while among those not giving medical attention to transients the percentage is only 13.3. However, the governmental-agency applications included three-fourths of all persons who applied to medical agencies and one-third of all who applied to social agencies. Of all agencies giving medical care to transients, more than one-third restricted the care to emergency service only; another third gave ordinary care to selected cases only; and less than a third had no restrictions upon the type of medical attention furnished. Of the 146 general hospitals in the 20 cities, only 30 gave any medical care to transients and only 7 gave it without restrictions.

Data on residence requirements of out-patient departments in general hospitals of the United States were available in studies from the National Health Inventory. These show that while only slightly more than half of all out-patient departments, both free and other, make residence requirements for eligibility for care, 91 percent of local governmental and 73 percent of State out-patient departments do so.

Regardless of location with reference to settlement law and of the organization in control, discrimination against the transient in public assistance agencies is the rule, and public assistance agencies that treat transients on the same basis as residents are the exception.

The findings (1) that governmental agencies handle the greater part of applications to medical agencies, (2) that a higher proportion of governmental than of nongovernmental general hospitals give free care to transients, and (3) that a greater proportion of them adhere to the settlement restrictions were to be expected. That almost half of all governmental as well as nongovernmental agencies in States with settlement laws have stricter settlement requirements than the law provides is not so well known. This seems to indicate that it is not entirely the settlement law that deprives the transient of relief.

The analysis of agencies in the 20 cities by restrictions upon type of care given is probably a representative picture of the provision of medical care to transients. When it is seen that almost two-thirds of the agencies giving medical care to transients restrict the care to either emergency or selected cases, the difficulties facing the transient who requires medical care are at once apparent.

ILLNESS EXPERIENCE AND MEDICAL CARE OF TRANSIENTS COMPARED WITH THOSE OF RESIDENTS

It was found that 13.6 percent of the 9,040 unattached transients who were interviewed and 21.7 percent of the 7,105 transients in interviewed family cases had had disabling illness during the 3-month survey period. Interstate family transients had a 74 percent higher disabling illness rate than did residents, and the rate for interstate unattached transients was 45 percent higher than that for residents of comparable age and sex. Transients not only had a higher disabling illness rate than all residents considered in the Health and Depression Study, but higher even than the "poor" residents.

On the basis of mobility, transients who have been migrants less than 2 years have less disabling illness than those who have been migrants a longer period of time, and, as the period of stay in the State of interview increases, the disabling illness rate becomes higher. In any comparison of disabling illness rates between interstate and intrastate transients, if only the individual making the application for public assistance is considered, the intrastate group exhibits a higher rate of disabling illness, and makes a considerably higher proportion of applications for assistance to medical agencies.

Analysis of disabling illness by diagnosis groups shows that interstate transients have, like residents, the highest disabling illness rate from the respiratory diseases. In the unattached, this diagnosis group is followed, in order of importance as a cause of disability, by accidents, puerperal conditions, communicable diseases, and digestive diseases. Degenerative and nervous conditions and rheumatism fall at the end of the six most important groups. Among family interstate transients, communicable diseases, puerperal conditions, digestive diseases, degenerative diseases, and accidents follow respiratory conditions in order of importance.

The disabling illness rates of all interstate transients exceed those of residents for all conditions except degenerative, nervous, and rheumatic diseases. The greatest excess of disabling illness among interstate transients, as compared with residents, appears in the unattached who seem to have more than seven times as much disability from communicable diseases and almost five times as much from accidents, as do residents of comparable age.

From these data it is seen that transients, either interstate or intrastate, have considerably more disabling illness than persons who have resided in communities long enough and under such conditions as to have the status of residents.

Intrastate transients have even higher disabling illness rates than do the interstate. It is believed that this difference is due to the greater proportionate migration of intrastate transients to cities in search of public medical care which they do not believe is available to them at home in smaller communities. That a larger proportion of intrastate than of interstate transients' applications were to medical agencies is a corollary of their search for medical care.

Data on disabling illness rates by degrees of mobility definitely suggest a health selection in migration. The pattern appears to be as follows: Among all interstate transients the most recent migrants have the least number of disabling illnesses, and as migration continues the incidence of disabling illness increases. However, as illness strikes more frequently, the result seems to be that migration is delayed and often the migrant settles down in some community and eventually becomes a resident. This tendency may be responsible for the high rate of illness and disease found in cities among the local homeless, many of whom may well be former interstate transients disabled for migration by chronic or recurring diseases.

There are several reasons why transients exhibit a very high rate of disabling illness. First, they are more likely than residents to suffer accidents while traveling from place to place. They are exposed to the risk of communicable disease to a much greater extent than are residents, who do not often live in the insanitary conditions found in camps, shelters, and other forms of temporary habitation. A second and more important reason for a high disabling illness rate among transients is that they are "marginal" individuals. A majority of them start migration because they are unable to support themselves at home, and it has been shown repeatedly that the poorest fraction of the population has the highest illness rates. Third, some of those found as transients have migrated because they are ill, and finally the very fact that they receive less medical care than needy resident groups may well tend to increase their illness rates. One-ninth of all disabling illness experienced by members of transient families (but excluding families headed by persons eligible for Federal hospitalization) was hospitalized, less than a third received only the attention of a physician, and almost three-fifths did not come to medical attention. For similar illnesses residents received 3.2 percent more hospitalization, 21.4 percent more attention by physicians, and some type of care in 24.5 percent more of the illnesses reported.

A considerable proportion of the unattached interstate transients interviewed are eligible for Federal hospitalization. One-ninth of all unattached transients were beneficiaries of this service as United States veterans, and 3.4 percent were eligible for medical care as merchant seamen. These two groups received some kind of medical attention for 83 percent and 96.4 percent of their disabilities, respectively, while only 66.2 percent of those experienced by other unattached transients were given medical attention. Veterans were hospitalized for 50.2 percent of their reported disabilities, seamen for 40.3 percent, and other unattached transients for only 28.3 percent.

Data on 1,444 nonresident applications for in-patient care at Louisville City Hospital show that those by Kentuckians constitute more than half of the total. About three-fourths were made by white persons and slightly more than half by females, the excess of females over males occurring principally in the age group 15–24. The greatest number of intrastate applicants (Kentuckians) in relation to the population of the place of residence came from counties touching Jefferson, the county in which Louisville lies.

Disposition of the transient applicants at this hospital was as follows: (a) 43.7 percent were admitted; (b) 11.6 percent were referred to other hospitals; (c) 3.6 percent were referred to practicing physicians; and (d) for 41.1 percent no provision for medical care was made. The proportion by place of residence of applicants accepted for bed care at Louisville City Hospital was between 40 and 50 percent for all nonresidents except those from Jefferson County, only 8.6 percent of whom were admitted.

Discrimination against transients was discussed from the viewpoints of cause, history, trends, and *modus operandi*. Data on medical care received by transients show the results of this discrimination. No class or type of transient, except special beneficiaries of the Federal health services, receives as much medical care as even the poor in resident groups. Although most students of the subject agree that care received by many residents is not adequate for the maintenance of health, transients receive even less care than do residents.

THE INFLUENCE OF TRANSIENTS ON COMMUNITY HEALTH

Transients may be found living under all kinds of sanitary conditions. While some transients resemble, in their hygienic surroundings, residents of the same economic status, a greater proportion are forced to exist under almost every imaginable variety of insanitary condition. Wretched housing among transients is found in every State, but more frequently in the Southwest since transients are found there in the greatest numbers. The majority of transients live in temporary shelters that range downward in degrees of sanitation from the Farm Security Administration camps and the better grower camps, through the worst of grower camps and the poorer tourist camps to the most insanitary of all, the squatter camps or jungles. In the latter are often found all conceivable violations of hygienic standards in excreta disposal. The water supply even for drinking purposes is often the nearest stream, pool, or irrigation ditch. Serious overcrowding in the shelters is almost universal even in the grower camps.

As a result of these conditions a high incidence of typhoid fever and, particularly, of dysentery, occurs among transients, especially among the migratory agricultural workers. On the basis of disabling illnesses reported by transients in interviewed cases, the incidence of typhoid fever was approximately 34 times as high as among all residents of the United States in 1938.

Various organizations have been vitally concerned with this aspect of transient life, and there is some evidence that housing conditions in general are improving. Both the Farm Security Administration camps and those grower camps built and maintained under the jurisdiction of competent health authorities have done a great deal to improve the living conditions of transients. It remains to be seen whether good camps can be provided in sufficient number to raise the standard of sanitation for any significant number of transients.

No thorough studies of the diets of transients have been made, but a partial one showed that on the basis of milk consumption the diets of transient children are very inadequate. Since the majority of migratory agricultural transients in the Southwest come from the West South Central States, their diet is very likely to be that of the poorer residents of those States, made even more inadequate by the financial distress into which the transients have fallen. It is believed by all competent observers that their diets fall far short of minimum requirements in total calories, vitamin and mineral content, and digestibility.

As evidence of the results of inadequate diets among these transients it was found in one study of the children of migratory agricultural workers that 27.9 percent of them had nutritional and dietary defects, not including dental caries and decalcification. During the transient-case study 6 transients were interviewed who had been disabled by pellagra, a deficiency disease, during the 3-month survey period. The cumulative effect on future health in the western States of allowing children to subsist on very inadequate diets is one that should be given serious consideration by health authorities.

The incidence of active pulmonary tuberculosis among all transients who apply for public assistance is probably around 2 percent for the country as a whole and somewhat higher in the Southwest. In some cities to which there is considerable migration because of pulmonary conditions and in which migratory labor is not in very great demand, the incidence of active pulmonary tuberculosis among transients may be as high as 9 percent.

Almost without exception the nonresident or transient tuberculosis person is excluded from the sanatorium or must spend a long time in residence before hospitalization. This can mean only that he is forced to continue spreading the infection to nontuberculous individuals.

According to a survey of unattached homeless men in one city, the incidence of serologically detectable syphilis appears to be about 8 percent for white interstate unattached transients and about 29 percent for colored. This is approximately 2 percent less than the rates determined for the corresponding local homeless groups in the same city. As in tuberculosis, the transient with syphilis is usually "ineligible" for public treatment, despite the fact that one of the most important public-health considerations in the treatment of syphilis is the protection of the rest of the population by making each case noninfectious.

Smallpox is not only occurring at a high rate among transients but is being spread by them from one community to another and from State to State; meningococcus meningitis epidemics also seem to be encouraged by the housing of transients in congregate shelters.

A very great danger to the health of communities exists in the possibility of the introduction by transients of relatively unknown diseases. For example, all the known requirements for the introduction of malaria into a number of States exist in the transient situation today. This disease and trachoma are probably now being carried to California and other parts of the West by transients from the South Central States.

A very important effect of interstate transients on communities is the cost of public medical care given to them. For hospitalization alone it has been estimated that transients cost Los Angeles County (Calif.) $170,000 annually. From the records of admissions of interstate transients to 16 county hospitals in California, an annual cost per county of $26,000 was estimated. The Louisville (Ky.) City Hospital Department of Admissions estimates that the hospitalization of nonresidents in this institution cost Louisville taxpayers about $14,000 in 1937 and around $9,000 in 1938. It is of interest to note that more than half the applicants and transients admitted to this institution were intrastate transients.

The effect of transients on community health is to increase the hazard of ill health to residents and to raise the incidence of most of the communicable diseases. The incidence of tuberculosis, syphilis, gonorrhea, and malaria almost certainly is increased in a community by adding transients to the resident population. This is partly due to the higher rate of these conditions among transients; but it results chiefly from the fact that transients are not given equal consideration in community programs of sanitation, preventive medicine, and isolation of infectious cases of communicable disease.

The discrimination noted against diseased transients in hospitals, sanatoria, and clinics undoubtedly has an economic basis. The cost of hospitalization for the average long period of institutionalization in pulmonary tuberculosis is so high that no community feels willing to provide facilities or pay for hospitalizing nonresidents with this condition. Hence there result the settlement laws with their special restrictions against persons with pulmonary tuberculosis. The States have felt that if nonresidents were admitted to State tuberculosis sanatoria it would serve only to attract more indigent tuberculous persons from areas where free hospitalization for this disease is not available to all persons suffering from it.

The data presented on the cost of public hospitalization now being supplied to transients in general hospitals seem to show that an enormous load from this cause is being carried by some communities, in spite of the fact that transients generally receive considerably less medical care and hospitalization than do residents.

RECOMMENDATIONS

The conclusions expressed in this report have resulted from the analysis of original data collected during the course of the study, from the various studies, books, and articles published on transiency and related subjects, and from the advice and counsel of various authorities.

Specific recommendations as to the most equitable and practical solution of the medical problems associated with transients are: (1) In any plans formulated, the basic consideration that migration and transiency are permanent characteristics of American society and economy must be given a prominent place. (2) There should be a national policy on migration, and an organization to direct and influence migration should be created on the Federal level. (3) There should be instituted a program of hospital and sanatorium construction and maintenance and of public medical care for the medically needy, through the combined efforts of the Federal Government and the States, that would make available in every State adequate medical care and a public-institution bed for each needy individual who required it. These services should be similarly available to all needy persons regardless of residence status. In the case of transients with pulmonary tuberculosis and other chronic debilitating conditions, provision should be made for returning these cases to the last State in which they had legal settlement if it is certain that proper medical care, including hospitalization, is immediately available there and if it is not more important socially that they be hospitalized as transients. (4) The presence of a considerable number of interstate transients in any State should be recognized as a special health problem in the allotment of Federal funds to States for the maintenance and improvement of local public-health facilities. (5) The Federal Government should neither formulate nor contribute funds to a health program organized exclusively for transients. Determination of the transient's settlement status, the investigation of his financial need, and his certification for any needed medical care should be handled by such public social organizations and personnel in each community as carry out similar functions for residents. Determination of medical need and administration of all public medical care given to the transient should be allocated to that public medical agency in each community charged with similar responsibilities for needy residents.

TESTIMONY OF HENRY S. ALVES, OF THE UNITED STATES OFFICE OF EDUCATION

Mr. PARSONS. Mr. Alves, will you state your full name, and the Department you represent?

Mr. ALVES. H. S. Alves, United States Office of Education.

Mr. PARSONS. Mr. Alves, the statement by Mr. J. W. Studebaker, Commissioner of Education, which you have presented to us, will be entered in the record at this point.

(The statement is as follows:)

STATEMENT BY J. W. STUDEBAKER, COMMISSIONER OF EDUCATION, UNITED STATES OFFICE OF EDUCATION

PROBLEMS OF EDUCATION CAUSED BY MIGRATIONS OF FAMILIES WITH CHILDREN OF SCHOOL AGE

Migratory life in general has many undesirable effects on the education of children. If their parents are on the move rather constantly, as many of them are, the effect is deplorable, for their unfortunate children either attend school for abbreviated periods only or not at all. When the parents, whether wealthy or of moderate means, have permanent places of abode during a part of the time the schools are in session, but travel about or remove to a temporary residence during the remaining time, the education of their children is necessarily disturbed to some extent at least.

This presentation, however, is limited chiefly to the movements or migrations of those persons and families that travel from place to place in search of employment or, as some do, for no particular purpose except to gratify their roving dispositions. Such a limitation excludes the movements of those who travel regularly or occasionally to places for the primary purpose of seeking desirable climates or other pleasures. While children of the latter group do create problems in school administration, the financial phase of such problems can generally be solved by means of nonresident tuition charges.

MIGRATIONS WHICH CREATE DIFFICULT PROBLEMS IN EDUCATIONAL ADMINISTRATION AND FINANCE

In its study, migration of workers, the United States Department of Labor divides interstate migrants into two major classifications, "constant" and "removal." These are defined as follows:[1]

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[1] U. S. Department of Labor, Migration of Workers, p. 2.

"Seasonal and casual workers who move continually from job to job will be referred to as constant migrants. Migration is sometimes mistakenly discussed as though this were the only group of migrants. Even more fundamental and presenting at times extremely serious problems is the group of removal migrants, who move in response to a fairly permanent relocation of their work. Such migration may be internal or across international boundaries. The westward movement of population in the United States is an important example of internal removal, while the arrival of foreign immigrants to this country is a movement of the same type except that it takes place across national lines.

"Frequently the removal migrants merge into the class of constant migrants. Thus the drought refugees, who are clearly removal migrants in origin, have often become seasonal workers, moving from job to job, when they have been unable to reestablish themselves permanently in any one community. Much migration during the recent depression also belongs to an intermediate class. Numerous depression migrants took to the road because of lack of work or relief at home and not usually with the intention of moving constantly. Some have returned to their former homes, so that their migration was special and temporary. Some have resettled, and thus become removal migrants. Others have continued to search for work on the road and so become constant migrants recruited from the relocating forces of the depression."

Neither of the two groups of migrants described in the foregoing quotation need to be limited with respect to problems of education to interstate migration. However, the education problems involved have different aspects when the movements are intrastate as compared to those which are interstate.

Of the migrations of families with children, those designated "constant," of course, present problems in relation to school administration year after year. As indicated in the report those designated "removal" are likely to be more extreme and significant in a quantitative way when they do occur. Both have implications on school situations.

CONSTANT MIGRATION

It is obvious that the school work of children of families constantly on the move cannot be satisfactory in many respects. Children of families working in the vegetable and fruit harvests of south Texas, then in the cotton fields of central and north Texas and Oklahoma, and finally in the beet fields of Colorado, are out of school during a part or all of the school term. Those who are fortunate enough to attend at all usually are obliged to adjust themselves to three or four school situations.

While the effects on the schooling of children of migrant parents have not been thoroughly investigated, some studies have been made. One of these reports as follows:[2]

"The records for 656 children were furnished by the Philadelphia school authorities. This number included some children outside the compulsory attendance age which in Pennsylvania in 1938, extended from 8 to 16 years, inclusive. The law exempts from school attendance (1) children who have completed high school, (2) children 16 years of age who hold employment certificates, (3) children 16 years of age who are mentally unable to profit from further schooling, and (4) children of 15 and 16 years who have completed the sixth grade and are employed at farm or domestic work because of parental need."

"Children coming into Pennsylvania from other States for migratory work are covered by the Pennsylvania school law and receive the same educational advantages as resident children. In New Jersey, however, there is no law requiring nonresident children to attend school, and no provision is made for their education.

"Philadelphia schools in 1938 closed on June 26 and reopened on September 9. * * *

"By the end of April 20.7 percent of the families had gone to the country, 45.0 percent went in May, and 29.9 percent in June. Eleven families went out after July 1, most of them for fall harvesting.

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[2] National Child Labor Committee, A Summer in the Country. New York, N. Y., 1939, p. 23–25.

"By the end of August 42.8 percent had returned, 21.9 percent returned in September, and 33.9 percent in October. Only two families who remained out until after November 1 were visited in Philadelphia * * * but several calls were made at homes to which families had not returned by this time.

"Of the 656 children there were 588, or 89.6 percent, who missed time from school in the spring or fall or both. The time lost averaged 39 days of school—just 1 day less than 2 school months. The New Jersey Commission to Investigate the Employment of Migratory Children in New Jersey found that for the year 1930 the average time lost from school by the children of migrants was exactly the same, 39 days."

Another study is reported by Luella M. King:[3]

Comparison of retardation of migratory and nonmigratory rural children in representative parts of the United States

State:	*Percent of rural children retarded*
Colorado	24.2
California	18.9
Wisconsin	11.3
Iowa	8.9
Kentucky	44.2

State:	*Percent of migratory children retarded*
Colorado	42.1
Oregon	31.6
Washington	60–25.5
Michigan	44.3
New Jersey	79.7
Maryland	69.7

Removal migration.—There are many migrations which may be classified as "removal" according to the definition of this term in the study made by the Department of Labor and quoted above. Probably the best known of these is the movement of families which took place during the previous decade from drought-stricken regions of the central part of the country. Less generally discussed are such migrations as those of the families of workers from the locations of industrial and other projects which have been completed or have reached the stage where the services of fewer workers are needed to the sites of other projects where there are, or seem to be, better opportunities of securing employment. Depending upon the inducements offered, the latter migrations in addition usually include families of workers from various kinds of previous employment and from various sections of the country. These migrations are toward such projects as newly discovered and developing oil fields and mining districts and reclamation, defense, and other projects of the United States Government.

While most of the population movements under this second classification have implications upon school problems, probably none have exceeded the serious proportions of those of the present time resulting from the migrations of workers to the locations of national-defense projects. Recent reports from many schools in the vicinities of these projects indicate that large numbers of the children of these workers have no school to attend.

WAYS AND MEANS OF SOLVING THE PROBLEMS

Population movements from one area to another within States emphasize the importance of adequate support or guaranty by each State government for a foundation education program for all communities of the State. Similarly migrations across State lines, particularly in extraordinary cases, in all likelihood result in situations with respect to education which call for some kind of financial assistance by the Federal Government. While it may be possible for most States themselves to effect educational adjustments made necessary by migrations within their respective borders, great movements of people across State lines are almost certain to magnify the problem to such an extent as to make its immediate solution practically impossible without assistance from the Federal Government.

There are many complicating factors in the problem of providing school facilities for children of migratory workers. School budgets are invariably prepared early in the school year, and taxes are levied shortly thereafter. If a fairly constant number of children of seasonal workers come into a school district at a definite time each year, that fact can be considered at the time of preparing the budget. On the other hand, if the number is not constant, or a very large number comes unexpectedly, the difficulty is obvious.

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[3] King, Luella M., Problems of Education Relating to Seasonal and Migratory Labor, Washington, D. C., 1931. Bulletin of the Department of Rural Education of the National Education Association, p. 31.

Seasonal workers employed in the raising and harvesting of crops move not only within States but frequently from State to State. A sound program of school finance can under ordinary conditions guarantee salaries of teachers and other costs of current expense. But the problem of providing suitable building facilities in a district which has an influx of 200 migratory children for only 2 months each year is a special problem. Many States have such problems and many ways of solving them have been tried. One State in particular has definitely taken steps to provide schools for the children of migratory workers.

The laws of the State of California provide that State funds not to exceed $75 per teacher and an equal amount of county funds may be used for salaries of teachers of migratory children whenever in the judgment of the county superintendent and county board of education such teacher or teachers are necessary. The funds provided for this purpose, however, are hardly sufficient for such extraordinary demands as required for the establishment and maintenance of schools for children of workers on the Mount Shasta Dam and for those of laborers on national-defense projects in the school district of Vallejo at the present time. No other State has a provision of law similar to this.

In his report for 1939, the commissioner of education of the State of New Jersey writes:[4]

"This is a serious problem, but I am of the opinion that it cannot be solved by special schooling until the legislature passes acts which are constitutionally sound and which prohibit the employment on school days of nonresident children who happen to be in New Jersey and who are under 16 years of age. It will be necessary for the legislature to define a migrant child, to determine how long he may remain in the State without coming under the Compulsory School Attendance Act, and to state definitely whether or not such temporary resident if placed in a foster home by an approved public or private social agency may be regarded as one entitled to attend school in that district. There should be included definitions which enable us to determine whether or not an apportionment of $45 per child should be made to the local school district. It will be necessary to know whether children who come from other States and who live here the major portion of the school year while their parents live in another State are entitled to free schooling.

"In my judgment, this is a problem concerning which we must have a definite State policy. Certainly these children should receive a free public-school education either in their own communities or in New Jersey. Some of them remain here as long as 100 days each year, but the great majority are here only from 10 to 40 days. Very definite provision should be made for them. It is not a very large problem, however, as most recent data indicate that there were last year only some 656 children in the State who may be classified as 'migrants.' "

POSSIBLE SOLUTION

1. A definite State policy which includes:

(*a*) Residence of pupils. Provision for the schooling of children irrespective of the time they have lived in the State.

(*b*) Compulsory attendance. Provision for the compulsory attendance of all children of migratory workers, as of nonmigratory children.

(*c*) Financial program. Provision for State funds for the support of all State-approved schools for migratory children.

2. Definite Federal Government policy which includes:

(*a*) Authorization for continuing appropriation sufficient to pay all salaries of the teachers necessary for children who have migrated into the respective States during the current school year.

(*b*) Special provision for the use of Federal Government funds for school building purposes in emergency situations, such as the school building crisis now present in many communities as a result of the national-defense activities.

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[4] Elliott, Charles H., Annual Report of the Commissioner of Education for the School Year Ending June 30, 1939, pp. 16–17.

TESTIMONY OF HENRY S. ALVES—Resumed

Mr. PARSONS. Your statement contains a great deal of data with reference to the education of migrant children, and you quote from studies of Luella M. King, which compares the retarding of migrants with nonmigrant rural children in the various States.

Do you have any information as to the proportion of migrants of nonagricultural children and their retardation in schools?

Mr. ALVES. We have very little information; in fact, it is too limited on the whole proposition, so far as the children themselves are concerned. The information we have in the main is limited.

Mr. PARSONS. This is mainly a new problem that has arisen principally in the last decade, has it not?

Mr. ALVES. I do not think it is necessarily a new problem, but we have not paid enough attention to it perhaps.

Mr. PARSONS. It has become more acute, we will say, in the last decade than formerly.

Mr. ALVES. That is right.

Mr. PARSONS. Your statement suggests as a part of a possible solution that provision be made from the Federal Treasury of appropriation for the payment of teachers' salaries where teachers are necessary for migrants.

Will you comment on that to the committee, please?

FEDERAL FUNDS TO EDUCATE MIGRANTS

Mr. ALVES. Yes. Basically any time children are moved into temporary residence, that automatically creates a school difficulty; and also basically any time any large number of such children get into a local area it upsets automatically the normal planning for providing educational facilities in that locality.

The statement shows that two types of migration involve two problems, as defined by Miss King.

The complicating factor in the problem of providing schools for migrant workers results because many school budgets, in fact, those of all the States, are prepared on the basis of a tax levy which remains for that year.

Should it happen that in a given locality you have a fairly constant number of children of these workers in the district, and in your local schools at this time each year, that fact could be considered in the preparation of the budget within the limited financial ability of the locality.

On the other hand, if the number is not constant, as is particularly the case right now in the country, if a very large number come in and are not registered you have a very serious difficulty, which is quite obvious.

Even if it were possible for a given locality to take care of the normal procedure, when you have an influx of children into a locality it may even prevent the local authorities from securing from regular channels sufficient funds to provide funds for current expenses; that is, for teachers' salaries particularly. It is actually doing that in a number of definite localities. Over and above that, the locality would have difficulty in providing capital outlay funds, that is, for buildings and equipment, because it is the general practice in States to have a limitation insofar as localities are concerned, with reference to bonded indebtedness.

Where these groups, the migratory children particularly, come from States to the community and may be there for a limited time, naturally it presents a temporary problem because even in this way it is an addition to the requirements which the localities are faced with in their regular program. It is not only difficult for the locality, but the States have difficulty in making provisions on a temporary basis.

PROBLEM OF SCHOOL FINANCING

Mr. PARSONS. What are the basic reasons for the inequalities in the standards of education in the various States?

Mr. ALVES. What are the basic reasons?

Mr. PARSONS. Yes; for these inequalities. Is it a matter of taxation?

Mr. ALVES. Financing, of course, is back of it all. But, so far as this particular problem goes, if you have an influx of a thousand children in a community that normally has only 1,200, you can see the type of problems that come up.

Capital outlay is usually—in fact in all the States—is the responsibility of the locality. States as yet have not gone into the program of providing funds from State sources for buildings, with a few exceptions.

Mr. PARSONS. That is right. And many States have not gone into a program of State-wide distribution of funds for the benefit of poor localities.

Mr. ALVES. Even in the case of those States that do have State-wide distribution, you have got varying bases or methods of distributing those funds.

Where these groups of children of migratory workers come into localities of one State from another State, for just temporary residence, it does not seem logical to expect the local community to vote bonds to put up buildings that will house these folks 6 months in the year or may house them for 2 years, and never house them again.

Mr. CURTIS. At that point I think it is well to call to your attention the testimony of an expert witness who appeared before us in our San Francisco hearing and whose name I shall ask a member of the staff to supply.

He had gone into this problem and made intensive studies of the situation in California where they had been on the receiving end of so many thousands of families. He came before us with a number of charts.

It was his opinion that, contrary to the views of many local people, chambers of commerce and otherwise, that California was not making any additional capital outlay for buildings and school plants because of the migrant problem; that they were an ambitious, forward-looking people and were building for the future, and that by and large California school building costs were not going up because of these migrants. Well, one reason was that they claimed to be able to assimilate these people. There was a popular erroneous notion prevalent that it was adequate, of course, but he presented a very fine paper to the committee indicating that it was not.

Mr. ALVES. Of course, it is perfectly possible that a certain number of pupils in any school system can be absorbed to the extent that the present plant facilities are not utilized. In other words, you do have one other possible factor that enters into it, and that is the utilization of facilities. It is conceivable that if you have a school plant that now houses 2,000 children, if you put on two shifts, you can house 4,000. That is something that has not been done. We do not start a shift at 8 in the morning and another one at 4 in the afternoon, except for defense training; I mean, for elementary pupils.

Mr. CURTIS. But the schoolhouse that is constructed in 1940 is ordinarily planned for a possible school population of 15 or 20 years later, is it not?

SCHOOL HOUSING DIFFICULTIES

Mr. ALVES. Well, that effort is there, all right; that is, the intention is there, but quite often we miss it by a great deal. It is pretty hard to tell. It depends on the local community. It depends on the type of community that it is.

I have seen locations where a building was put up with the idea that it would be fully occupied in 5 years and they never did use more than 3 rooms out of a 10-room building.

I do not think we can take that type of situation as a general thing.

Mr. CURTIS. We will always have to contend with the situation of the sudden collapse of some new industry or of a sudden boom being created.

Mr. PARSONS. Mr. Alves, for 8 years I was connected with the educational system of the State of Illinois and had a great deal to do with a great many buildings. It is my belief that the situation there is not unlike that of other States, and it was my observation and experience that they waited until they were already overcrowded before they built. They usually built to take care of just about what the load was at the time, or perhaps looked forward a few years into the future.

Mr. ALVES. I think that is an observation that would apply generally, for this reason: because of the fact that your capital outlay the country over is a responsibility that has been placed on the locality. Everybody thinks that is where the capital outlay funds ought to come from. With the exception of your highly concentrated centers of population, it is very difficult, in the average local school unit, to vote more than just what they absolutely have to have, because you have other purposes, other types of governmental service, which require capital outlay.

Of course, there are many ramifications and many factors that I do not think you want to go into here. But I think that your observation is quite generally accurate.

Mr. PARSONS. In the case of the problem that we are now studying, of course, you are vitally interested in the Office of Education, is that correct?

Mr. ALVES. Yes.

Mr. PARSONS. And in looking after the education of the children of the migrant workers in the defense program. But those children are not working as are the children of the migrant agricultural worker who really bring in more income to the family, perhaps, than the adults; for instance, the fruit-picking, the potato-picking, perhaps even in the case of the cotton-picking and the sugar-beet harvesting.

Now, in that particular case, the children never have an opportunity, at the time of the year when there is school, of going to school.

What studies have been made and what observations would you have to offer as to that problem? To me, throughout all of these hearings, that has been the worst feature of the migrant's problem, the future of these citizens when they become adults.

Mr. ALVES. Your question is not with particular reference to the defense program?

Mr. PARSONS. Not this particular one; no.

ROVING TEXAS CROP WORKERS

Mr. ALVES. Unfortunately, if there are any studies, of any extent, I am not familiar with them. I can respond from personal experience which covers about 30 years. I happen to be from a State that got quite a bit of lauding this morning, the grand State of Texas. I have seen the same roving worker in the Laredo area, in December–January, where, if he was not forced to go out into the onion fields, he had a chance to go to school for 6 weeks. I have seen him some 60 days later in what is called the winter-garden section, where the parents went to work in the spinach fields, the asparagus fields, or picked peaches. I have seen him in May and June, around the San Antonio area, in the cotton fields and in the fall, in October, I found him around Lubbock, where his parents and perhaps he also were picking cotton. And I understand that just a little bit later you may find him in Colorado, with a move that brings him back to the Rio Grande Valley in December or January. Specifically, the problems that you get into are merely these. There are two types of effects. One is on the child and the other one is on the local school system where he happens to be, provided he is given a chance to go to school.

The effect on the child is quite obvious. He is out of school a great portion of the time, especially if he is a member of a low-income family, as most of those seasonal workers are. By the time he is 8 years old he is going to pick cotton or he is going to get out into the onion fields unless something stops him from going there. Theoretically that is the compulsory-education law.

Mr. PARSONS. But he is on the move so much that the compulsory-education law seldom catches up with him.

Mr. ALVES. That is true, or perhaps let us get him in a situation where the compulsory-education law is conscientiously enforced. Here is this local school system of 8 rooms that are already just about full, finding 200 of these children to take care of within a 2-mile radius, living here, there, and yonder. The local school authorities are not going to be putting forth too much effort to pick up another 200 to put in rooms already crowded.

Mr. PARSONS. We found this during our first hearings in New York. About fifty to sixty thousand agricultural workers, including the children, starting from Florida, say, in December, or not later than January, working in the small fruits and vegetables, coming farther north as the season opens, into the Carolinas; up the coast, winding up in New Jersey in July and August; then starting back down, probably picking cotton on the way back, harvesting tobacco later on in the fall. So that that family, with its children, is on the road at least 10 months of the year, without any opportunity for those children, especially from 10 to 14 years of age, to look inside of a schoolroom. And they bring more income into the family, because of the nature of the work, than the adults do.

That has only been an acute problem in the last 10 years because formerly, if the adult went north and made somewhat of the same trip, the family was left domiciled at a particular spot. But now these children have been on the road for 10 years. They are growing. They will soon have families of their own, and yet have not had any opportunity to go to school more than a year or two out of their entire life. What are we going to do with that kind of a problem? That is the problem that worries me more than anything else about this entire migrant picture.

NEW LEGISLATION NECESSARY

Mr. ALVES. Here is the type of problem a State faces—and this is referred to on page 5 of the material that we submitted, and is taken from the report in 1939 of the Commissioner of Education of the State of New Jersey. (See p. 3595, this volume.) He says:

> This is a serious problem, but I am of the opinion that it cannot be solved by special schooling until the legislature passes acts which are constitutionally sound and which prohibit the employment on schools days of nonresident children—

Nonresident children; in other words, your child-labor laws are operative within the States and not across the State boundaries.

> who happen to be in New Jersey and who are under 16 years of age.

The same statement can be made relative to the compulsory-education law.

> It will be necessary for the legislature to define a migrant child, to determine how long he may remain in the State without coming under the Compulsory School-Attendance Act * * *.

It is also necessary to define the migrant child so that States in their respective programs of financing may know when to spend State money on that child, because those laws within a State are all written for children who are residents of the localities in the State.

Mr. PARSONS. And whose parents are generally taxpayers, if they possess any property.

Mr. ALVES. The average State legislation reads about like this: That a child from such an age to such an age is entitled to attend the public free schools in the locality, the school district, or the town, or the city where his parents reside. The question is, first of all, where do these folks reside? You are going to find, of course, as you know, a lot of them will not say that any State is their residence. So you have that type of problem.

Now, over and above what the States could do in their own legislation to clarify the problems, as suggested in this New Jersey report, you do have that field in which the State will not have jurisdiction because these migrants go from State to State. It seems that the only agency that can come in and help on that is the Federal Government.

I do not see, in other words, how legislation could be passed in Florida that would compel New Jersey to take care of the children that come from Florida and stay in New Jersey for 6 weeks.

Mr. PARSONS. That is very true.

Mr. ALVES. Of course, you may say, "Well, it is a matter of reciprocal action." Yes, but it is just human nature; when we get far from home, we are not noticed as much.

Mr. PARSONS. I think it is a very good idea for children to want to work with their hands.

Mr. ALVES. Yes, agreed.

MUST HAVE FREE EDUCATION

Mr. PARSONS. That is what made America great. I am not averse to that in the summer season. But we do realize in this country a responsibility, and it was one of the thoughts of the founders of the country, the authors of the Constitution, that in a democracy we must have free public education. And while these children are getting a better experience in some respects than the average child gets, so far as learning to do things and learning to live with himself and with others, yet at the same time we recognize that he must have some opportunity to acquire knowledge from the printed page and from school institutions.

The big problem to me is how we are going to educate these children who are constantly on the move, whose services are needed in order to make the family budget sufficient to take care of themselves.

We must attack it from two angles, I think. One is, we must stop them from working during the school period.

Mr. ALVES. That is correct.

Mr. PARSONS. Some means must be found to do that. And then, secondly, we must have the institutions which they may attend at the points where they find themselves in the school period. Do you agree with that?

Mr. ALVES. That is right. Now, the States have done both of those things for citizens within the boundaries. Legislatively, in the main, they have. But when Johnnie Jones gets out of his State for 6 weeks nobody claims him, nobody can touch him because he is not a resident; you have got your residence laws. So it takes cooperative effort over and beyond what a State may do within its own boundaries.

Mr. Parsons. Very well; enough on that. Now, the committee would like to hear from you with reference to the contemplated program in national defense for the education of these migrant people.

Mr. Alves. Are you referring to the study called for in connection with the defense housing program projects?

Mr. Parson. That is right. You were touching on that when I broke in with this other subject.

Mr. Alves. Yes.

Mr. Parsons. You were about to say, I think, that in the case of overcrowded conditions they put on a double shift.

Mr. Alves. The reason I was hesitating a little was the use of your word migratory there. They are not all migratory children that go into these localities.

Mr. Parsons. Not at all. You might term that the surplus, the extra ones, that come in; the extra migrants that come in, which makes it a problem of surplus.

Mr. Alves. The question then comes down to this: How will school facilities be provided for the influx of children of personnel connected with activities of the defense program in concentrated areas? Is that right? That is the question, is it not?

Mr. Parsons. That is the question.

STUDY EDUCATION OF DEFENSE WORKERS' CHILDREN

Mr. Alves. Our office, in response to the requests of the Secretary of War and the Secretary of the Navy, is making the study called for under Senate Resolution 324, which, as you know, is the resolution requiring the Secretary of War and the Secretary of the Navy to make a full and complete study of school facilities at or near navy yards, Army or military reservations, Army or Navy bases, at which defense-housing programs are being carried on or are contemplated, to determine first whether defense-housing programs require additional school facilities; second, whether localities where such influx of population takes place are in a position to provide those facilities; and third, whether the Federal Government should provide such school facilities irrespective of the financial ability of the locality. Now, that study is in progress and our office is working through the offices of State superintendents and commissioners of education in the respective States.

We are hoping and planning on the basis of the information that is now available, relative to these local areas, to have estimates of needed school facilities submitted by the respective chief State school officers of those areas, in the States that are involved. We hope to have that information within the next 10 days. Much of it will be tentative, because we have not at this time a definite base for each locality to work on. Specifically, if the munitions-plant project at Wilmington, just south of Joliet, Ill., has not reached a state of development where the housing authorities may definitely plan and thus recommend definite allocations, any estimates that are now prepared for that area would just have to be tentative. They are purely estimates.

I have not answered any question yet that you have raised and cannot answer it except in one way, and I am afraid I am getting outside of the territory of this discussion.

HOUSING PROVIDES SMALL SCHOOL FUND

The act known as the Lanham bill, Public, 849, which is the Defense Housing Act, makes provision out of that appropriation for community facilities, which is defined to include schools, but it limits it to 3 percent of the total appropriation, the amount of money that may be spent out of that appropriation for community facilities. In other words, 3 percent of $150,000,000 is $4,500,000 for community facilities, including health, sanitation, schools, police, and fire protection, if necessary, and so on.

The provision in section 9 of that act is that the administrator of the act may make payments of annual sums in lieu of taxes.

I cite those two provisions as the most definite answer to the question, How will these be provided? Those are the only two provisions that definitely, so far as the Federal Government is concerned, make provision for school facilities in those local areas affected by the activities of the defense program.

Mr. PARSONS. It is the only source of any material aid.

Mr. ALVES. To date.

Mr. PARSONS. Yes.

Mr. ALVES. I do not now whether that is the type of answer you wanted here. Outside of that, I know of no special definite provisions for that except that, again, the locality and the State will have to do the best they can.

Mr. CURTIS. At that point, these defense industries are a very coveted thing, are they not?

Mr. PARSONS. Yes.

Mr. CURTIS. Each community is clamoring for defense industries. Now, in order for a community to secure some of these, they state that they have sufficient transportation facilities and they have other things that they will be glad to furnish the Government and the industry that is going to locate there. Why should not we explore the possibilities of placing definite requirements upon the locality before they secure a defense industry with regard to the education of the children of the people that the industry is going to bring in?

Mr. ALVES. I presume that was already being done. Of course, that is not in our jurisdiction in the office of education. But I presume that was done. However, even though you explore those conditions, you have not anywhere covered the total realm of the problem.

Mr. CURTIS. That is very true.

Mr. PARSONS. How many youths—if you can give any estimate—may receive training in this program that is under study at the present time?

Mr. ALVES. How many youths?

YOUTH TRAINING AND HOUSING PROBLEMS

Mr. Parsons. Could you give an estimate on the studies that have been made, or that are under way at the present time, as to how many youths may be given training?

Mr. Alves. I think my own answer to that would be an indication of the procedure followed to try to get that estimate. We are not far enough along for me to be safe in saying 50,000 or 100,000. In those local areas where there have been definite allocations for housing units we have a distinct, tangible guide that can be used. For example, if in a local area there are 1,000 housing units authorized, and each of those units will accommodate on an average a family of four or five members—two adults and two or three children—on the basis of that information we can apply the ratio of children of school age to the total population and get an estimate of the number of children involved.

Now, if I may project that—and this is purely an estimate; please understand I am not quoting anything definite and do not have it—let us assume that there are a hundred thousand housing units needed in the local areas because of the influx of personnel connected directly with some project of the defense program, whether it is an army camp, or a navy yard, a munitions plant, a steel works, an aviation plant, or what not. One hundred thousand housing units of this type automatically means families, or there would not be any housing units. If the 100,000 averages 4 members to the family, that makes 400,000 people. Even if we accept the general ratio on a Nation-wide basis, we know that one-fifth to one-fourth of that population of 400,000 will be children of school age.

If it is 100,000 individuals, we have something tangible to start working on. As soon as we have definite information from the schools in each of the local areas as to how many additional children they can absorb into their existing school plant facilities to fill them up completely, all we need to do is to subtract that figure from 100,000 and we have a figure that would, roughly, represent the number of children for whom no school facilities are available.

Just for argument's sake, I am going to guess you cannot absorb more than one-third of these. I think my guess is high, but I am still guessing it. So I will say immediately we will have around 60,000 to 65,000 children who are dislocated, so far as schools go. They have been taken away from some place where they have been going to school; they have been placed in a position where there are no school facilities.

Now, again, if we go on the basis of a general average, say, of 30 pupils to a teacher, there immediately arises a need for 2,000 teaching rooms, classroom units, to accommodate 60,000 pupils. Now, if I have guessed anywhere near correctly, 100,000 units would permit us to go either under or over and above, as we get the exact figures. I do not know whether 100,000 units is right. I said 100,000 because I think I am away low. A recent figure I saw officially I think indicates there are around 60,000 or better.

Mr. Parsons. Do you think you will have this information within the next 10 days?

Mr. Alves. We hope to get from the States, by about December 16, an estimate of the needs in those local areas for which they could secure, from such sources as the employment service and the housing authorities, information of a sufficient nature, sufficiently reliable nature, that would permit them to make an estimate. We hope to have that by December 16 and then, under that resolution, we have to prepare the reports to the War and Navy Departments; but I presume we will be called on by other interested Federal agencies in this whole field, such as the housing agencies and certain sections of the Advisory Commission of the Defense Council, too.

Mr. Parsons. Now, the committee will not close its hearings until about the 12th, and the printing of the record will not be closed, upon suspension of the hearings, until probably a few days after that and, if you have those figures by the 16th or 17th, we could use them here at this point in the record. I think the committee would like to have them and, if you have permission to do that, we would be glad to have you send them down as soon as you get them. The chances are these hearings will not go to press until around the 20th of December, or maybe the first of the year, and we would like to have the benefit of those figures in the record at this point.

Mr. Alves. I will certainly be glad to carry that message and request back to the Commission.

Mr. Parsons. And if you can get it, you can send it directly to the committee here at the Old House Office Building.

Mr. Alves. Yes.

Mr. Parsons. Do you have any figures or estimates on how many youth are being trained in private vocational schools at the present time?

Mr. Alves. In private vocational schools—I do not know, but I am sure the vocational division would have.

Mr. Parsons. Of course, the N. Y. A. is planning quite a defense program in the way of training both boys and girls in certain vocations that might be of aid and assistance in the national defense program, if the worst came to the worst.

Are there any questions?

Mr. Sparkman. I would like to ask just one. Mr. Alves, under your possible solutions, I notice it is recommended that the Federal Government's policy include authorization for continuing appropriations sufficient to pay all salaries of the teachers necessary for children who have migrated into the respective States during the current school year. The only thought I have in mind is this: If you are going to give that help to those States that are on the receiving end of these migrants, a great many of whom are going to be absorbed as a part of the permanent population of that State, then in fairness and justice should not you give it to these States that have educated them up to that point, States which are losing them as a part of their permanent population?

Mr. Alves. Of course, if I understand your question correctly, I think you are going into a much broader problem than this is.

Mr. Sparkman. I realize I am, but it does tie in with this.

MIGRATING SCHOOL TEACHERS

Mr. Alves. Yes, that is true. Now, one idea in connection with the suggestion for an authorization would be this: If you had a group of 100 families that start from Florida and wind up 8 months later in New Jersey in the cranberry bottoms, and in that group of 100 families you have 100 children, say, of elementary school age, those children would receive much greater benefits by having 2 or 3 teachers who would just go right along with them. That is so because the effect on the child of attending 3 or 4 different schools in a year, even if he does not go to work, is quite degrading to the child itself. And our point here is that that, of course, would have to be done in accordance with good financial procedure, with the funds paid if, as, and when, on the basis of definite plans, the State showed a need for it.

The whole purpose of that statement is to recognize the fact that the child may be in three, or four, or five States during the school year, and a given State may take care of that child—may follow him up, may see that he goes to school, may make provision for him within its boundaries, but the minute he goes out of that boundary he is gone. Now, to guarantee that the very thing does not happen that was mentioned a while ago, namely, that the child is not penalized, it occurs the only way out is to have a continuous check, and perhaps that will call for this type of financial assistance.

Mr. Sparkman. I can easily see it from the explanation you give there, but I did not see that included in this statement of yours. I could not interpret it from the recommendation in the printed statement.

Mr. Alves. I think probably we might have been a little overcautious not to get into the broader problem here.

Mr. Parsons. So your answer to my question of 30 minutes ago, on the problem of the working migrant child, is to send the teacher with him?

Mr. Alves. I think that is the better way, in my own estimation.

Mr. Parsons. And you would have the Federal Government cooperate with the States in giving Federal aid for that purpose?

Mr. Alves. If that is needed; if there is need established.

Mr. Curtis. Where is that teacher going to hold school?

Mr. Alves. In the school facilities in the localities. These migrant workers do not just jump 5 miles, they will jump 500 miles; and in May of each year they will be in about the same area, in the same locality, within a 10- or 15-mile radius. They will come annually to that same area again.

Mr. Parsons. Are they going to be segregated from the other students?

STAGGERED CLASSES, PORTABLE SCHOOLS

Mr. Alves. Not necessarily. But there is a 10-teacher school at location X; it can absorb 30 pupils, but 200 come in regularly, for 2 months, at a given time of the school year. Now, you cannot absorb the other 170 in that building unless you stagger the classes, stagger your program. Suppose the occasion arises where you need to put in

4 rooms; it is very questionable whether you would want to build a brick addition of 4 rooms, because in 3 years' time you might find that those 4 rooms would serve a much better purpose 20 miles away. Now, it is not impossible to conceive of this thing of having portable school buildings, such as we use in the mushroom towns, in connection with the oil fields, that pop up overnight; then, 5 years later, they are moved to the next oil field. You might have portable buildings that go along and, if you need to move them in 3 years, why, you can pick them up and move them. But the minute you get that type of provision, you cannot expect the given locality to bond itself this year when that locality may know that 3 years from that time it will not need that. So it becomes a responsibility that is beyond any one small locality. That is the first point to recognize, I think.

Mr. Parsons. Of course, an itinerant teacher with those children would be better than none at all.

Mr. Alves. Well, I think it would be better than having five teachers in the same year. Of course, that is something you can argue both ways.

Mr. Parsons. I am inclined to agree with you that it would be better than having five teachers in the same year, because they could conduct night classes; but you would have to segregate them largely from the regularly established educational institutions in the community.

Mr. Alves. Maybe this does not belong in the record, but I would certainly prefer to have my own youngster, 9 years of age, be with one teacher from September to June than to have him with five different teachers because I move into five different localities.

Mr. Parsons. There is certainly a very decided advantage there, as meager as it is, whatever it might be, in travel.

Mr. Alves. Your portable facilities do not necessarily have to be meager. I have seen portable buildings numbering 20 or 30 in a school system that had as many portable rooms as permanent rooms, and 5 years later you find only 4 of those portable buildings and the other 15 or 16 have been moved 20 miles. It is possible.

Mr. Parsons. Wherever they have established camps and suitable housing facilities, like the Farm Security Administration has done in a few instances, a barracks or room, or more than one room if necessary, could be set aside for educational purposes?

Mr. Alves. Yes.

Mr. Parsons. And night schools could be conducted along with that to suit the hours and the needs of the children, and they could come in for a session in the morning for certain training, and then use that during the day, so that a large number of children would obtain at least some training with just one or two or three teachers for a couple hundred children. I concede that that plan would be better than no education at all—decidedly so.

Mr. Alves. Yes; and the mere fact these camps you refer to have been established is, of course, a recognition that you have a periodic influx with considerable regularity, is it not; otherwise you would not build those camps?

Now, the minute you have anything as definite as that, if your local schools cannot absorb the influx of children, you can certainly make provision much more readily through that type of procedure, that is, portable buildings, than you could if you are going to put up a brick building which might not be used there 5 years later.

Mr. PARSONS. That is the first recommendation of this kind that we have had in our rounding out these hearings, and I am very glad to have you put that view forward in the record.

If there are no further questions, we thank you very much, Mr. Alves.

Mr. ALVES. Thank you.

Mr. PARSONS. Your statement has been very fine and very illuminating. I am sorry the other two members of the committee have not been here to hear this discussion this morning. Thank you very kindly.

Mr. ALVES. I assure you, if our office can be of any assistance in any way, we will be delighted to do our part.

(The committee thereupon took a recess until 2 o'clock p. m.)

AFTERNOON SESSION

The committee reconvened pursuant to the taking of recess, Hon. John H. Tolan (chairman) presiding.

The CHAIRMAN. The committee will come to order, please, and I will call first Mr. McCrea.

TESTIMONY OF JOHN McCREA, TRANSIENT BUREAU, WASHINGTON, D. C.

The CHAIRMAN. Your name is John McCrea?

Mr. McCREA. Yes, sir; John McCrea.

The CHAIRMAN. Where do you live?

Mr. McCREA. My home is in Lancaster, N. Y., just out of Buffalo.

The CHAIRMAN. How old are you?

Mr. McCREA. Thirty-four.

The CHAIRMAN. Are you married?

Mr. McCREA. No, sir; I am not.

The CHAIRMAN. Are you a resident of Washington?

Mr. McCREA. No, sir; I am not.

The CHAIRMAN. You call that your home down there, do you?

Mr. McCREA. Why, I left home about 11 years ago, 1929; so I don't really have a residence any more.

The CHAIRMAN. How do you happen to be in Washington?

Mr. McCREA. Why, I came down here to try to find employment, you know, like restaurant work, hotel work. I find it is very hard to obtain, because they employ colored help, you know.

The CHAIRMAN. Is there anything in particular that attracted you to Washington?

Mr. McCREA. No, sir; not particularly.

The CHAIRMAN. Did you come alone?

Mr. McCREA. Yes, sir; I did.

The CHAIRMAN. Have you any money?

Mr. McCREA. Well, not very much; a little.

The CHAIRMAN. How long have you been here in Washington?

Mr. McCREA. Why, just about 2 weeks, now.

The CHAIRMAN. Have you been able to get anything to do?

Mr. McCREA. Why, just odd jobs and things like that, since I have been in Washington.

The CHAIRMAN. What kind of jobs do you do?

Mr. McCREA. Why, I really don't have any trade at all. I have just been picking up hotel work, restaurant work, wherever I could find a job.

The CHAIRMAN. How much education have you had?

Mr. McCREA. Just through high school.

The CHAIRMAN. Are your parents living?

Mr. McCREA. My mother is living, and I have a stepfather at home.

The CHAIRMAN. He is not working at the present time?

Mr. McCREA. He is not working at the present time.

The CHAIRMAN. How old is your mother?

Mr. McCREA. My mother is just about 65 years old now.

The CHAIRMAN. Why did you leave home—looking for a job?

Mr. McCREA. At that time I was employed at the New York Central Railroad, just out of Buffalo, and I was laid off because the plant was closing down, and I could not find employment at that time, and having trouble with my stepfather, who is very hard to get along with, I was just compelled to leave home.

The CHAIRMAN. Now, is this the first place you have visited, Washington, looking for work?

VISITED 43 STATES

Mr. McCREA. No, sir; I have been all over the country. After I first left home, for about the first 4 or 5 years I just more or less had the urge to travel, and was picking up odd jobs and just going around the country. Then I finally tried to settle down, you know, and pick up steadier work.

The CHAIRMAN. How many States did you visit?

Mr. McCREA. Why, 43 in all.

The CHAIRMAN. Forty-three?

Mr. McCREA. Forty-three; yes, sir.

The CHAIRMAN. And how did you travel?

Mr. McCREA. I hitch-hiked most of the time. The first couple of years, of course, I had my own automobile and traveled in that.

The CHAIRMAN. Well, were you able to secure any employment in those 43 States?

Mr. McCREA. Yes, sir. I have worked in hotels and a couple of different hospitals, restaurant work, and have done construction work—all different kinds of odd jobs.

The CHAIRMAN. Did you ever live in what is called a migrant camp, any place?

Mr. McCREA. Well, I lived in three different transient camps, when the Transient Bureau was operating.

The CHAIRMAN. Where were they?

Mr. McCREA. The first one I went into was at Springfield, Ill.; the second one was at Kansas City; the third one was at Springfield, Mo.

The CHAIRMAN. How were those camps—livable?

Mr. McCrea. They were very good; yes, sir. They kept you as long as you wished to stay, and as long as you were willing to work a few hours a day, and the maintenance is very good, and they supplied you with clothing.

The Chairman. Were they Federal Government camps?

Mr. McCrea. Why, yes, sir; they were.

The Chairman. What did it cost you there?

Mr. McCrea. What did it cost me?

The Chairman. Yes.

Mr. McCrea. Why, it didn't cost me anything. You see, they took migrants off of the road, you know, that were willing to stay and were trying to find employment for themselves, and they could stay in those camps as long as they desired and as long as they were willing to work a few hours a day. Of course, they had the rest of the day to themselves and they could go out and try to find employment some place.

The Chairman. Did you do your own cooking?

Mr. McCrea. Why, I was second cook at a summer camp, the last two summers in the Berkshire Hills up in Massachusetts.

The Chairman. Since you left home, Mr. McCrea, what was the next time you actually had a job for any period of time?

Mr. McCrea. The next job I had was in Youngstown, Ohio, with a construction company that was putting a new boiler house in the Carnegie steel plant, and that lasted pretty near a year.

The Chairman. Have you ever applied for relief?

Mr. McCrea. No, sir; I never have.

HANDICAPPED WORKER

The Chairman. Do you think you would have been able to secure employment if you had some trade, or were a skilled laborer?

Mr. McCrea. Yes, sir; I believe I would; but it is very hard for me to get a job in a factory, because I am handicapped through the examination. I have very poor eyesight and, of course, am unable to pass the examination on account of that. So I usually have to take just restaurant work, hotel work, and like that.

The Chairman. Have you ever had an opportunity to learn a trade?

Mr. McCrea. Well, I did when I worked with the New York Central. I worked with the New York Central for 4 years, but I went to the stores department instead of the mechanical, and worked in the stockroom. But I could have gone ahead and learned the machinist trade, if I had desired, which I probably should have done.

The Chairman. Where do you call your home?

Mr. McCrea. Why, Lancaster, N. Y., where my mother is living now.

The Chairman. Have you been voting there?

Mr. McCrea. Why, no; I have not been home. You see, I am really not a resident any more, since I have left home, and, of course, the only time I have been at home was just for short visits, and then I would leave again.

The CHAIRMAN. You feel you have lost your residence at Lancaster, N. Y.?

Mr. MCCREA. Oh, yes; because, you see, it has been quite a long time since I left. I have not been home now in over 2 years.

The CHAIRMAN. The last two summers you have worked in summer resort hotels in Massachusetts, have you?

Mr. MCCREA. Yes, sir; I have; up in the Berkshire Hills, in Massachusetts.

The CHAIRMAN. What kind of work did you do?

Mr. MCCREA. Why, I worked as second cook at the children's camp up in the Berkshire Hills. The job only lasted about 2 months and 2 weeks.

The CHAIRMAN. How much wages did you receive?

Mr. MCCREA. Why, I was receiving $45 a month and my maintenance.

The CHAIRMAN. And what would you do in the wintertime?

Mr. MCCREA. Why, in the wintertime I usually work in restaurants, when I could get a job like that, but the last couple of winters I really have not been doing much of anything except just picking up odd work.

The CHAIRMAN. The last large city you visited was Baltimore, was it not?

Mr. MCCREA. Yes, sir; it was—Baltimore.

The CHAIRMAN. Did you try to get work there?

NO JOB IN BALTIMORE

Mr. MCCREA. Yes; I did, but I did not have any success for the simple reason I did not have any place to stay in Baltimore and was compelled to leave.

The CHAIRMAN. How many places did you visit in search of work?

Mr. MCCREA. Why, I visited quite a number of restaurants in Baltimore, and a couple of different hotels, that is all.

The CHAIRMAN. Did you ever register with any State employment office?

Mr. MCCREA. Yes, sir; the New York State Employment Office.

The CHAIRMAN. With what result?

Mr. MCCREA. None whatsoever. That was 2 years ago.

The CHAIRMAN. In your travels throughout the 43 States, did you meet many people like yourself?

Mr. MCCREA. Yes, sir; I met thousands of them and they are really just about the same way as I am; they are willing to work, and there are a lot of them that can secure work, but they are not able to finance themselves until they get it.

The CHAIRMAN. You found people, I suppose, who had been dried out on the farms and were going to other States looking for work?

Mr. MCCREA. Yes, sir; lots of them.

The CHAIRMAN. Lots of them?

Mr. MCCREA. Quite a few of them.

The CHAIRMAN. And who traveled over the highways?

Mr. MCCREA. Yes.

The CHAIRMAN. Where did those people stop—in these camps?

Mr. MCCREA. Why, they usually stopped at the camps. You mean the transient camps, when they were operating?

The CHAIRMAN. Yes.

Mr. MCCREA. Why, yes; they did. They came in family groups and, of course, the transient camps put them in apartments, furnished them with their own apartment and, of course, with good food and clothing, and the wife was required to work a few hours each day.

The CHAIRMAN. Did you meet up with any people like yourself, who were hitch-hiking?

Mr. MCCREA. Yes, sir; I did—quite a few, all over the country.

The CHAIRMAN. Did you have any difficulty in securing rides?

Mr. MCCREA. Why, not so much. That is, if a person keeps cleaned up and halfway decent in appearance, they don't have much trouble. Otherwise, if you are not dressed up, it is pretty hard, that is if you look shabby.

The CHAIRMAN. Where did you learn to be a cook?

Mr. MCCREA. Why, up in this summer camp, the first summer.

The CHAIRMAN. Are you a pretty good cook?

Mr. MCCREA. Why, just as a second cook, just an assistant to the chef. Then I have done short-order work.

The CHAIRMAN. Have you any brothers and sisters?

Mr. MCCREA. I have one brother, who is married. I have one sister, who is married. My brother lives up at Batavia, N. Y., and my sister lives over in England.

The CHAIRMAN. What do you intend to do—remain here in Washington?

MUST CONTINUE MOVING

Mr. MCCREA. Why, I would like to stay here; if I figured I could find a job that would give me a substantial salary to live on, I would be willing to settle down and stay; otherwise I will just have to keep going until I do find something where I can settle down.

The CHAIRMAN. In other words, there comes a time with you, like with other American citizens, where you cannot get employment at home, why, you move; you get out?

Mr. MCCREA. Why, yes, sir. Of course, in my case, it was a little bit different. I was really compelled to move, on account of my stepfather, who was very hard to get along with and we were quarreling all of the time, so I just left.

The CHAIRMAN. Have you lived long enough, Mr. McCrea, in any one State to be eligible for relief?

Mr. MCCREA. Why, just Ohio, when I was in Youngstown, Ohio.

The CHAIRMAN. Did you apply for relief there?

Mr. MCCREA. No sir; I did not.

The CHAIRMAN. If there are no further questions, thank you very much, Mr. McCrea.

TESTIMONY OF MRS. ROBERTA C. WILLIAMS, STAFF ASSOCIATE OF THE NATIONAL TRAVELERS' AID ASSOCIATION

Mr. CURTIS. Mrs. Williams, if you will, please give your full name to the reporter.

Mrs. WILLIAMS. Roberta C. Williams.

Mr. CURTIS. And what is your position?

Mrs. WILLIAMS. I am staff associate of the National Travelers' Aid Association.

Mr. CURTIS. Where are you located?

Mrs. WILLIAMS. New York City is our headquarters; our office is there.

Mr. CURTIS. Mrs. Williams, we have just received your statement. I have not had an opportunity to read it. It will be introduced into the record at this point.

(The statement and a supplement are as follows:)

STATEMENT OF ROBERTA C. WILLIAMS, STAFF ASSOCIATE, NATIONAL TRAVELERS' AID ASSOCIATION

I understand from previous hearings and your interest that you appreciate the problems of migratory workers and I do not need to recall to the committee the problems that confront a great army of individuals, uprooted from their homes for reasons beyond their control. Someone has recently said that we cannot argue with droughts, floods, hurricanes, and tanks. Perhaps not, but we have been greatly concerned in the last few months about problems arising from the movement of people on defense jobs. It is my particular duty, in connection with my work, to visit the following States: Virginia, North Carolina, South Carolina, Florida, Alabama, Georgia, Kentucky, Tennessee, and Mississippi. Naturally I have seen first-hand problems in which I believe your committee will be interested.

ACUTE PROBLEM AT CAMP BLANDING

I hope you will pardon this first-hand information, somewhat personalized, telling what I saw near Camp Blanding. On November 16 we received an emergency telephone call from the Travelers' Aid Society in Jacksonville, Fla., asking for help, and on Monday, November 18, we arrived on the scene. We found located in the wooded area across from Camp Blanding and the construction company's offices a migrant group estimated to be 3,000 in number. Men, youthful boys, and entire families, inspired with the hope of work and big money, had traveled to this defense activity and for the lack of any possible living facilities had taken up temporary abode in the wooded area. With only trees for protection, some slept in ramshackled cars, others in shacks of pine bows and still a greater number in the open with only a blanket to protect them from the 22° weather. With no sanitation facilities they moved from one section to the other as conditions became unbearable. Water was carried from a lake one-half mile distant. Smoldering fires, a dreaded hazard, served for out-of-door cooking purposes for those fortunate enough to have food to cook.

WORK PROJECTS ADMINISTRATION DROPPED DESTITUTE MAN

These migratory workers were headlined in the newspapers "migrants go wherever jobs are, and suffer everywhere." One man from Georgia, with a thick, hoarse voice who hitchhiked his way from the camp to Jacksonville, asked travelers' aid to advance meals and lodging for a week and transportation to and from the camp 47 miles away. He had left his elderly mother and father in Georgia in dire circumstances. They were counting upon him to work and bring home money. Their only income for months had been from his scant W. P. A. earnings, and he had been cut off from this by routine months ago and had nothing more. Ill and discouraged, he wondered how he could hold out and work 10 days before he would receive his pay. Many of these migratory workers had been employed by the construction company but could not receive pay for 10 days. In urgent need of funds for food, they worked 3 days, gave up their job, and received their pay, then stood in line again to be rehired. One of the men remarked, "If one believes these people do not want work, they should see the lines out from the construction company's employment office." Our Georgia man was an excellent example, for he had stood in a line of 800 white and colored men for 3 days before he reached the employment window; had slept out 4 nights, and was now almost too hungry and exhausted to continue unless someone came to his aid. The situation surrounding Camp Blanding was more acute than that in some other communities. I have seen the situation in Fayetteville, N. C., and Norfolk, Va. Another of our staff associates has witnessed the problems in Charleston, S. C., and we have some first-hand information on conditions in Charlestown, Ind.

TWO TYPES OF WORKERS ON MARCH

The workers on the march who need to be considered fall into two main groups, civilian employees and military and naval personnel. The civilian employees comprise two groups which need to be separately considered and planned for.

First, those permanently employed in defense industries and navy yards. This group may be expected to continue in employment for the "duration," and the community problem is that of bringing them in touch with adequate community facilities similar to those used and required by residents, such as adequate housing, employment, educational, recreational, and health resources.

Second, is the group employed in emergency construction of defense plants or army camps. This group stays in a community a relatively short period of time. They come in, complete the construction, usually on a rush program, and then are discharged.

The needs of these people while they are in the community are similar to those of the other group, but the problem faced by the community in providing temporary housing and related facilities for large numbers is one that requires particular thought. Likewise, the responsibility for planning for the demobilization of those needing to leave a community after a short period of residence and, when a defense job is completed, their subsequent employment and their transportation to the next place of employment should be anticipated immediately and appropriate machinery devised to meet this need. For example, what will become of the 16,000 workers who are employed in constructing a smokeless-powder plant in Charlestown, Ind., when the construction job is finished on December 15? Incidentally, when the plant is completed, from 9,000 to 14,000 workers suitable to meet the plant's requirements will be coming in to constitute the operating force. This means that there will be 16,000 who must be moved to another new community and who will be rapidly replaced at the rate of 14,000 to be permanently located and employed.

We recognize the Tolan committee's primary interest in the movement of migratory workers, but closely related is the movement of all kinds of people in this defense. When demobilization comes, we will have nonresidency greater than ever before. I would like to call the committee's attention to the additional group of those people now moving to get jobs in defense industries and navy yards.

It is recognized that there is an immediate demand for skilled and unskilled workers, without necessary time for preparation for proper planning. Real and perplexing problems are bound to emerge and others continue on. People hear of jobs, but there is no available information regarding the number of workers needed and the particular skills required. Therefore, many go spurred by the hope of employment and encouraged by newspaper accounts and radio appeals for labor. Many of them travel in old wornout cars, others hitchhike and become stranded en route. Still others are faced with problems when there is a delay in making application for employment.

MANY APPLICANTS REJECTED

Then there is a group of those applying who are necessarily rejected. For example, the commandant in charge of civilian employment at the Charleston Navy Yard estimated that each day five or six out-of-town persons are rejected at the employment office. Even if eligible for employment, there is a considerable group that fail to pass the rigid physical examination. If these people are from another city a problem is created for them and for the community particularly because many of these communities are small and aside from the defense activities they offer no other opportunity for exployment.

With regard to persons employed in emergency construction jobs, the experience is likely to be repeated as soon as the rush job is ended. So far we have observed no planned program for demobilization and transferring construction groups from one project which is ended in a locality to a new project in another section of the country.

In many cases the communities in which these defense activities are being set up are small and not equipped, and are unorganized from the standpoint of social services; they have not been able to anticipate and plan for the problems which automatically arise in a community with this influx and development. Moreover, in many of these communities there are no financial resources available locally for meeting problems which would be equal in extent to those of a much larger city.

RECRUIT REJECTIONS ADD TO PROBLEMS

Those grouped under military personnel may not be so directly of interest to this committee but in considering the impact of moving people related to the defense program they are a part of the picture. They are a problem in these ways:

Young boys coming in to enlist are often not eligible and have to wait for examinations and arrangements. For instance, a young lad from a nearby State, turned down for enlistment because of dental condition, came to Atlanta to have this condition corrected. This was done but he was finally rejected because of poor eyesight.

A report that colored enlistments would be centralized in Chicago brought to the Travelers Aid Society a large number of colored boys rejected for enlistment because of physical disability or for the reason that they were under age.

Six cases of Army recruits in need of meals and lodging, who had become stranded because of wrong schedules, were reported in one day by one of our societies.

Then there is a real civilian problem related to military personnel. Families, relatives, and friends of the men at camps are moving into communities contiguous to camps. They need direction, information, and general assistance when unanticipated problems arise.

For example, one Sunday in November when there were only 20,000 men at Camp Dix, visitors arrived there in 35,000 automobiles and this was, of course, before the induction of the selective service group.

This brings out again the necessity of adequate housing, health, educational and recreational facilities, and also emphasizes a need for some central clearing place where information and general assistance can be given when unforeseen problems arise so that a chronic condition does not continue in a community.

During the last war the problems of civilians coming in to be near their men at camps constituted a major problem which required planning. The increase in transportation facilities during the past 23 years, plus the greater willingness of people to travel and the increased mobility of our population, indicate that this problem will assume much greater proportions now.

EMERGENCIES SHOULD BE ANTICIPATED

Insofar as it is possible to anticipate problems and to know from experience what may be expected to occur it is important for appropriate plans to be made in advance to meet such emergencies. Some of the acutely distressing situations that we have observed in recent weeks might easily have been anticipated and in this manner would have reduced suffering to the people, the cost in clearing up the situation and health menace to the community. The responsibility for so planning would seem to rest upon all of us, both public officials and public agencies, private social agencies, and citizens themselves.

The defense program is for the Nation as a whole, and, therefore, it embraces all people everywhere within the Nation; all individuals, all institutions, and all communities. A small community that just happens by chance to bear the brunt of expansion in the locality should be helped by the Nation as a whole in meeting the needs that arise because of a defense program for the Nation as a whole.

I am sure that I do not need to emphasize to your committee the acuteness of problems arising because of a shifting population. If we could accept responsibility for not being taken by surprise, for facing the inevitable nature of certain problems and profit by past experiences, and use the many available resources, it would indeed be splendid. To this end, may I offer these recommendations:

(1) That the Employment Service, Federal, and State, so gear their activities that there will be a routing of employees to places where needed and a reduction of aimless job seeking, including plans for demobilization and transferral of workers from one job to another.

(2) That the United States Public Health Service with the State and local public health services concern itself with the protection of community sanitation and health and make provision for health services to ill persons regardless of settlement.

(3) That since the national aspects of these problems require that new communities should have assistance from national agencies, both public and private, including the Federal Government, a community program of social service be set up to meet the specific problems and needs arising. Older communities in which expansion becomes necessary will need similar help.

(4) That since present restrictions and inconsistencies of settlement laws will work untold hardships upon these workers when the defense program is ended, attention be drawn to the matter of settlement laws possibly waiving all settlement requirements throughout the country.

NATIONAL TRAVELERS AID ASSOCIATION (SUPPLEMENTAL)

Summary of Replies Received to Questionnaire on Defense Activities

As reported by Travelers Aid Societies in 70 communities in response to a questionnaire from the National Travelers Aid Association in October 1940

We have already received replies from 70 Travelers' Aid Societies to the questionnaire on defense activities which went to societies in October. According to the information contained in these answers, societies in the following cities will be concerned with four phases of defense—Army, Navy, air, and industrial activities: Atlanta, Boston, Bridgeport, Chicago, Hartford, Miami, Oakland, Philadelphia, Roanoke, Seattle, Tacoma, Toledo, and Washington, D. C.

The following cities report large Army, air, and industrial, but no Navy activities: Chattanooga, Cincinnati, Columbus, Houston, Kansas City, Omaha, Schenectady, and Springfield, Mass.

The following cities, in addition, report large industrial development: Baltimore, Dallas, Indianapolis, Long Beach, Memphis, Nashville, New Orleans, Pittsburgh, and Wilmington, Del.

There will be large Army centers at Fort Dix, N. J., Fort Bragg, N. C., Camp Blanding, Fla., and Fort Ord, Calif. In none of these places is there an organized travelers' aid society.

To date, Travelers' Aid has been called in for advice at Fort Dix and Camp Blanding and a field visit has been made to Fort Bragg.

From the 70 returned questionnaires the enclosed list of problems emerges.

EXAMPLES OF SPECIAL PROBLEMS ARISING IN COMMUNITIES AS A RESULT OF POPULATION MOVEMENT RELATED TO DEFENSE ACTIVITIES

HOUSING

1. Inadequacy of housing facilities:

(*a*) For civilian workers.

(*b*) For single men and women who desire rooms.

(*c*) For single men and young married couples who desire light-housekeeping apartments.

(*d*) Especially for colored.

(*e*) For young girls. "The Young Women's Christian Association is filled and the transient committee is being revived to consider the problem."

(*f*) For officers' families. "Rents too high for allowance of Army personnel."

(*g*) For Army and Navy families in lower-income groups (in Seattle) who are not permitted to accompany men to Alaska.

2. Need for—

(*a*) "One night's lodging before going out to enroll in aviation school."

(*b*) More information regarding finding rooms, etc., because of limited housing facilities.

(*c*) Workers' finding quarters in nearby communities because of housing shortage.

(*d*) Officers' finding housing in cities 75 and 90 miles distant from fort, driving round-trip daily.

"Government housing units being built to accommodate additional workers, but do not keep abreast of the demands."

"Curtiss-Wright project is developing its own housing plans."

"The real-estate board is making a housing survey."

"——— has vacancies of about 4 percent, and workers finding quarters in nearby communities. City is on the alert to detect unfair rentals."

"Rents are high and land has been bought up by speculators at such a high price that the Government cannot make any headway with Government housing."

HEALTH

1. Inadequacy of health facilities.
2. No health facilities for nonresidents except for emergency cases.
3. No provision made for nonresidents unable to pay for medical care.

SCHOOLS AND RECREATION

1. Inadequacy of school facilities.

2. Requests received from Army officers' wives regarding schools and cultural opportunities.

3. "We have had several boys who have expended from $300 to $500 to come to ——— and enroll in a 'phony' school to prepare for work in the defense industries. Apparently a whole series of rackets involving schools, used automobiles, and hotels is developing, with outposts in the eastern and middle western cities."

SERVICES RELATED TO ENLISTMENTS, ENROLLMENTS, AND DEFENSE EMPLOYMENT

1. Skilled workers hitchhiking in because of reported available jobs. For example, a man who had passed his civil-service examination and had been ordered to report to a certain navy yard immediately was unable to raise transportation money. He started hitchhiking but found he could not reach his destination in time. Travelers' Aid Society assisted him in raising the money from his own resources.

2. Transportation home for those unable to find employment or who fail the physical examination for employment. For example, a boy from a nearby State turned down for enlistment because of a dental condition came to Atlanta to have this condition corrected. This was done but he was finally rejected because of poor eyesight.

3. Requests for help in transferring Army and Navy families en route through Chicago.

4. Cooperation with the Civil Aeronautics Authority in arranging transportation of Army and Navy families to Alaska (Seattle Travelers' Aid Society).

5. Boys coming to enlist often are not eligible or have to wait for examination and arrangements. One travelers' aid society has assumed care of boys under 21 while local recruiting officer sends papers to parents for signature.

A report that colored enlistments would be centralized in Chicago brought to the travelers aid society a number of colored boys, rejected for enlistment because of physical disability or age.

6. Four men referred to travelers aid society by the Navy recruiting office had either spent the money allotted to them for transportation and food while on leave, or had lost their tickets or money, or had had their possessions stolen.

Temporary jobs for persons awaiting jobs in defense industries.

"Tiding over" until the first pay check.

Eleven families in 1 day who had come from the flooded areas of Virginia to seek work in the powder plant near Roanoke were without work and were stranded in Roanoke.

7. Six cases of Army recruits in need of meals and lodging who had become stranded either because of wrong schedules (which were not their fault) or their money or tickets were lost or stolen.

(The naval office has not funds or facilities to help men even when the circumstances are beyond the men's control. The Army has certain facilities which can be used in cases like these.)

8. Young soldiers from the air base stranded on Saturday nights.

SERVICES RELATED TO FAMILIES OR FRIENDS

1. A young woman coming to visit her sweetheart at the fort. Service included verifying fact that he was there, obtaining information as to where and when they could meet, and securing bus schedule to fort.

2. The wife of a private, stranded en route to her husband (against Army regulations) at the nearby fort.

3. Within 1 week three women asked for help, admitting that they had followed the troops into town.

4. Mr. D., an experienced machinist, 38, and his wife, 29, with five children (1 to 7 years) immigrated to Hartford due to Mr. D.'s suspension of 30 days from work (defense work in another State) because he had stayed home from work 1 week to care for his sick wife. They arrived with two flat tires and a few cents and were directed to a tourist camp on the outskirts of town. They were helped with food by friendly neighbors. The wife's health became worse. Mr. D. went to town and was referred to the travelers' aid society by a local church. The case was referred to a social worker in the community where they were domiciled, with the request for immediate medical care. The man was given the necessary information about employment, localities, etc., and he left travelers' aid with a sense of relief and courage. The wife was sent to a hospital. Two weeks later Mr. D. telephoned and said he had a good job, his wife had returned from the hospital, and his wife's mother had come to stay until the wife was well enough to care for the family. "Everything is going well and I sure do thank travelers' aid," was the happy conclusion.

5. Increase in requests for information, direction, and referral services.

Information for soldiers on furlough.

Information in regard to restaurants.

Information regarding cashing checks.

TESTIMONY OF MRS. ROBERTA C. WILLIAMS—Resumed

Mr. Curtis. The committee would be pleased if you would just proceed in your own way to discuss the matter.

Mrs. Williams, for the record, I want to ask a few questions concerning Camp Blanding. Just where is it located?

Mrs. Williams. It is located southwest of Jacksonville, Fla., 47 miles distant. It is near two towns, Stark and Palatka.

Mr. Curtis. How large are those towns?

Mrs. Williams. Stark is a town of 1,500 population, and the population of Palatka is estimated at 2,500.

Mr. Curtis. How many jobs were available at Camp Blanding?

Mrs. Williams. There were 19,400 employed, and they still needed more workers.

Mr. Curtis. Approximately, how many people could be employed at Camp Blanding?

Mrs. Williams. I do not have that number.

Mr. Curtis. How many people arrived there seeking jobs?

CAMP BUILDERS LIVE IN WOODS

Mrs. Williams. There were 3,000 estimated to be living there in the woods.

Mr. Curtis. They would not all get jobs, would they?

Mrs. Williams. Most of them were employed. I would say that three-fourths of them had received employment.

Mr. Curtis. Are they confronted with the problem of having more people there than can be taken care of?

Mrs. Williams. Yes, sir. Every week new people are coming in taking the place of others who failed during the time they were there to get jobs; so there was a certain change in the population of migrants living there in the woods during the time they were waiting for work.

Mr. Curtis. This suggestion has been made in regard to the defense construction program, that the employment of persons except, perhaps, those who reside within a reasonable distance of the construction work, be placed in the hands of the United States Employment Service, and that it be so handled that the worker would make application for work at his home, or where he lives, and then seek clearance through the Employment Service. He would then proceed to the point where he could be put to work. It would not be a question of prohibiting people from traveling while seeking work, but it would merely change the place where they applied for jobs from the point of construction to the place where they lived. The information as to the work available would be spread throughout the length and breadth of the country, and if they wanted employment in the defense industries, they would be advised that their applications must be put in where they reside, and not where the job is located. Now, from your experience with the Travelers' Aid Society, would you approve such a general idea as that?

Mrs. Williams. I think that it would work. If some mechanical means could be devised by which that information could be quickly routed to the employment services, with the people directed to apply in their own localities, and if they would give the employment agencies information as to the number of persons available, and the particular skills available, these agencies would know where to direct them to go, and I think that would help a great deal.

Mr. Curtis. Were there any obvious errors of management on the part of the contractor or of the Government itself in the Camp Blanding situation?

BLANDING WORKERS COMMUTE 47 MILES

Mrs. Williams. The construction company had 19,400 persons employed, and they had barracks at the camp site for only 2,000. Many of them were going back and forth to Jacksonville, or any place where they could get housing, but certainly the housing facilities did not exist on the site of Camp Blanding for more than 2,000 employees. They needed more than 19,000. One day they stated that they had almost the peak of employment, because they were so concerned about this problem that they temporarily closed the employment office. However, I understand that it was reopened.

Mr. Curtis. Where did the contractor expect these people to live?

Mrs. Williams. I am sure I cannot answer that. There were a few housekeeping rooms available in Jacksonville, but that was 47 miles away, and the matter of transportation was involved. They did not seem to have had any plan when they started, and there was a traffic hazard in going to and from the camp.

Mr. Curtis. This is in a more or less remote area?

Mrs. Williams. Yes, sir.

Mr. Curtis. Is there a highway leading to it?

Mrs. Williams. Yes, sir; there is a paved highway, but there is only one lane coming and one going.

Mr. Curtis. What kind of camp is this?

Mrs. Williams. It is a camp that they are constructing for the training of soldiers. Those people are coming in. One unit is the Forty-third Division, and I think the other is the Twenty-first Division.

WOULD ABOLISH SETTLEMENT LAWS

Mr. Curtis. I am interested in the recommendations that you have made. We have had two schools of thought represented in the suggestions that have been made to this committee on the subject of settlement laws. One group believes in uniform State settlement laws, while the other would abolish settlement laws altogether. Do you favor the abolition of settlement laws?

Mrs. Williams. Yes, sir; I think they should be abolished for the purposes of relief, because I think that if a person who arrives in a community is in need, something should be done about it. When you have to gear yourself up through two or three States, where you may have resources or residence, the situation is made difficult. In the long run, except in one or two outstanding States, where they have a terrific increase in the number of transients, there would be no difference, because most of them have people going out as well as people coming in.

Mr. Curtis. You think that a migrant coming into the State of California should not be denied relief in California because he has not established residence there?

Mrs. WILLIAMS. Generally speaking, I think so, but I do not know what California would think about it, because I understand they have a greater number of migrants than any other State.

Mr. CURTIS. You feel, however, that it would make the handling of relief easier?

Mrs. WILLIAMS. Yes, sir.

Mr. CURTIS. What do you think about the long-time effect of that? Do you think it would increase the wanderings of destitute people, or not?

Mrs. WILLIAMS. No, sir; I do not see why it would.

Mr. CURTIS. You do not adhere to the theory that someone who is faced with misfortune or has lost his job or home would find it better to stay where he is or where he is known and has been for a long time proving his worthiness?

Mrs. WILLIAMS. I think that depends entirely on how the person himself feels. Each individual can better tell how he feels about those circumstances than someone else.

Mr. CURTIS. If all settlement laws were abolished, do you think that some States would have a tremendous influx of people that could never be assimilated because of climatic conditions or the like?

Mrs. WILLIAMS. I do not think so, except, perhaps, in the cases of California and Florida. They might have a larger number than they would know what to do with. However, they have them anyway.

Mr. CURTIS. Let us consider that for a moment: Let us take the case of an individual who is not quite destitute but who has been working around and is just about getting along. Now, such a person knows that under the present system if he ventures away from home and meets with misfortune, he is homeless and may not secure aid; and he may hang on to what he has, even though it is not very good or very profitable. That is because he would have a fear that he would be in difficulty thousands of miles from home. He will bear in mind that he will be destitute and not eligible for aid. Now, if you were to remove that situation or that danger many people might go to some place in the South, where they have warm weather and sunshine, where they might be able to dig up a few days or a few weeks work during cold weather in the North. They would have no fear that they would be unable to qualify for aid the same as any individual who has lived there for 20 years. It seems to me that would encourage them to start out.

Mrs. WILLIAMS. I do not believe it would cause more to do that than are doing it at the present time. They see the hardships, dangers, and insecurity, and they would not go if they had no reason to believe that their prospects would be better at the end of the journey. When they arrive in a community they might be helped with what resources they have themselves. They go with the hope of getting work, and they may get temporary work, and with the resources they have on hand, some plan might be worked out whereby they may do better.

NECESSITY FORCES MIGRATION

Mr. CURTIS. I am not inclined to think harshly of these people, but I want to go into this matter thoroughly. I share the view that the chairman has so frequently expressed, that people move on because they have to move, or because necessity forces them. That is true, but I do not think we should lose sight of the fact that many of these people, when they move on, meet with more hunger and more abuse and more ill health than if they had remained where they were. Once they become migrants, they suffer more than they would if they were back home where they have friends, neighbors, church connections, and other things that hold people together in a community. I do not think it would be a wise thing to encourage people to break away from those home conditions.

Mrs. WILLIAMS. Where they would be going into a State or community, they would not necessarily be going to secure some kind of help that they could get in their own community. They might be going in the hope of securing employment, or improved employment, or some other related resource that would help them. I do not think they would go because they would be eligible in other States for benefits.

The CHAIRMAN. Mrs. Williams, your statement has been made a part of the record. Do you want to offer that map?

Mrs. WILLIAMS. This map shows the Army, Navy, air, and industrial locations, or the major ones. This information has come through the visits of our society and 70 other travel-aid societies located in these defense areas.

The CHAIRMAN. It may be marked as an exhibit and filed with the committee.

(The map referred to was duly marked and filed with the committee.)

The CHAIRMAN. Mrs. Williams, I think your recommendations are very interesting, and I want to say to you that you have submitted a very fine statement. Now, it makes very little difference what preconceived notions we have about migration in the United States; it has always been and always will be present.

Mrs. WILLIAMS. Absolutely; yes, sir.

SELF-PRESERVATION BIG FACTOR

The CHAIRMAN. What I am concerned with are the good American citizens who have to leave their farms and their home status on account of circumstances over which they have no control. I know it is nice to have church connections and friends, but there comes a time in their lives when the law of self-preservation must prevail and they must leave. For instance, the reduction of the W. P. A. appropriation at the last session caused 800,000 people to be laid off. Now, take a man like that. Of course, he would like to stay at home; he would like to remain in his home city, but he has no job, and cannot get relief. What else can he do but leave? I do not know what recommendation the committee will make, but we certainly could improve the condition now existing. It could not be worse.

Mrs. WILLIAMS. That is true.

The CHAIRMAN. There are millions of homeless people who are citizens of the United States under the Constitution. They run up against a lot of barriers whenever they attempt to cross State lines. There should be at the border or at some place in the States a point at which these migrating American citizens can get some real information. They are not getting it now. Down South there are private employment agencies that promise them jobs in the State. In some States, as in Arizona and California, they have elaborate offices, with fine officers in charge, for the inspection of fruit pests that are not permitted to cross the State lines. I think we should address ourselves to that problem of providing reliable information to these people.

Mr. CURTIS. At what points would you give the information.

Mrs. WILLIAMS. I think when people move around looking for jobs, and so forth, this information should be given through the employment services in the communities, through publicity, and advising people where to go if they are out of work. It should be done at the beginning, before they leave their communities.

Mr. CURTIS. If it is at the border of the State, and is discouraging information, it would mean that some other State would get the migrants.

Mrs. WILLIAMS. They should be given the information at the beginning of the journey.

Mr. SPARKMAN. In connection with this chart you have there, does it show the location of Army posts?

Mrs. WILLIAMS. The location of the Army posts is shown in red; the location of the Navy posts is shown in blue; the green indicates the location of the air bases, and the orange indicates the location of industrial plants, like smokeless powder plants, and so forth.[1]

The CHAIRMAN. If there is nothing further, we thank you very much for your statement.

TESTIMONY OF REV. JOHN CARRUTHERS, PASADENA, CALIF.

The CHAIRMAN. Dr. Carruthers, I understand you desire to make a brief statement to the committee, and we will be only too glad to hear you at this time.

Will you state your full name and address?

Dr. CARRUTHERS. My name is Rev. John Carruthers; my address is 1015 Prospect Boulevard, Pasadena, Calif.

The CHAIRMAN. You may proceed.

Dr. CARRUTHERS. Mr. Chairman, I am here in connection with the national-service problems of the National Presbyterian Church, which is the Covenant-First Presbyterian Church, at Connecticut Avenue and N Street.

That church has been designated by the General Assembly of the Presbyterian Church in the United States to be a so-called cathedral church, representing about 2,000,000 people. This is the third time I have been associated with this church in 25 years.

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[1] Filed with the committee and not printed.

The interests of the Presbyterians in the national emergency of total spiritual defense includes the question before this committee, and I have volunteered to ask to be heard here, largely because of the stimulation that Mr. Collins and some of the other members of the survey have provided. Also, I have been asked to give a series of lectures in the country on this particular question, and I have been given some of the literature.

At first, let me state that I believe the United States owes this committee a great debt for the sincere way in which they have attempted to present and deal with a problem very few people know much about, and, unfortunately, that very few church people care much about.

At the same time that I am speaking in terms of commendation let me also speak in terms of mild condemnation of the fact that the church has been blind on this question, and that goes also for the Catholic church and the Jewish church and churches of all denominations.

It is distinctly the spiritual problem of the church, this great question of the stranger within our midst.

I feel that I might make one or two constructive suggestions, and I only want to volunteer these suggestions because I want you to be encouraged.

You have no idea how ready the churches are to take this ball if you will only throw it over to them in some kind of a way. But there is a great deal of education that will have to be done to get them to get into the team play and run with the ball.

I make the suggestion, first, that if it is possible, we hold a convocation in Washington under the auspices of all churches in the United States, under all of the official members of all denominations, to lay upon them the spiritual obligation to dedicate their facilities, their institutions, their men, and their social-science and home-service organizations to this problem.

URGES CONTINUANCE OF MIGRATION COMMITTEE

Second, I would like to urge the continuation of this committee in some form. You have just scratched the surface on this question.

Third, I would like to make the more practical and immediate suggestion, that those ministers in Washington, D. C., who are listed and appointed by their denominations to be ministers of national churches such as the Baptist, the Methodist, the Catholic, and the Presbyterian, be formed into a very small committee of about a dozen to take under advisement the policy and procedure that would seem to me most practical in connection with this problem, so that this hearing will not blow up with just a lot of data printed in the old Congressional Record, good as it is, and put the inspiration of your help into it.

I would like to see your congressional committee and associates move into the churches of Washington and open the eyes that are blind on this subject.

The CHAIRMAN. Doctor, the committee seems to be unanimous in the expression of the thought that yours is the first suggestion of the spiritual connection of this whole migrant movement, in reference to the stranger within our gates.

Dr. CARRUTHERS. This is our problem.

The CHAIRMAN. In other words, there were 4 million migrants last year going from State to State, Stateless and homeless.

Dr. CARRUTHERS. And churchless.

The CHAIRMAN. And under the Constitution they are citizens of the 48 States, and not just of their own States.

Dr. CARRUTHERS. That is right.

The CHAIRMAN. But barriers have been raised against them, just as if the 48 States were 48 nations.

Dr. CARRUTHERS. It is criminal.

The CHAIRMAN. Certainly, you cannot stop their moving about; this is their country.

Dr. CARRUTHERS. Certainly.

The CHAIRMAN. We cannot keep on kicking them around without having that action strike at the morale of our country.

Dr. CARRUTHERS. Let me say that this extremely persuasive report of the lady who just preceded me as a witness before you had good warmth in it, but after that, where are you going? There are some things I know, and there ought to be some place in which every community in every State which has this problem could maintain a kind of settlement house or cooperative spiritual service center supported by church and private money so that these people could be taken into a kind of clinic where they could be given constructive service, and not throw them out, for instance, into the city of Los Angeles, where I live, and simply have them thrown to the wolves, but let them go where they might have some spiritual attention. It might take months before they could be located.

The CHAIRMAN. I think you have hit the nail on the head, because the heart of the American people is absolutely sound.

Dr. CARRUTHERS. That is right.

The CHAIRMAN. But it takes a campaign of education to get over a movement of this kind.

Dr. CARRUTHERS. Yes; and we are ready to help you.

The CHAIRMAN. In New York and other places where we have been throughout the country they have this problem. When we were trying to get this resolution passed in Congress, they said it is a California problem and not a problem involving the whole country.

Dr. CARRUTHERS. It is not at all simply a California problem.

The CHAIRMAN. We thank you for your statement and your suggestions, and I think we will take advantage of them.

Dr. CARRUTHERS. I thank you.

Mr. CURTIS. I was very much interested in your statement. You said you might have other suggestions to offer, and I think our record should be open to you so that you may insert those suggestions in your statement. I am sure the committee will be highly pleased to have you develop the subject further and give us such other suggestions as you may have to make within the next 10 days.

Dr. CARRUTHERS. I would like to say, Mr. Chairman, that these remarks are entirely spontaneous, and I would like to have a chance to make some reservations in what I have said, because I would like to implement my suggestions.[1]

The CHAIRMAN. You will be given that permission.

Dr. CARRUTHERS. I thank you, gentlemen.

The CHAIRMAN. The next witness is Mr. Rauch, Acting Commissioner of the Federal Works Agency, Work Projects Administration.

TESTIMONY OF FRED R. RAUCH, ACTING COMMISSIONER, FEDERAL WORKS AGENCY, WORK PROJECTS ADMINISTRATION

Mr. SPARKMAN. Mr. Rauch, will you give the reporter your full name, your address, and your official capacity.

Mr. RAUCH. My name is Fred R. Rauch; I am Acting Commissioner of the Work Projects Administration.

Mr. SPARKMAN. You are Acting Commissioner of the Federal Works Agency?

Mr. RAUCH. Of the Work Projects Administration.

Mr. Chairman and gentlemen of the committee [reading]:

MIGRATION OF DESTITUTE CITIZENS TO DEFENSE CENTERS

Migration of workers to centers of new industrial activity is changing the character of the migration problem considerably. During the next few months, a great deal less will be heard of farm migrations and a great deal more of the large group of persons moving into centers of greatly increased industrial activity resulting directly and indirectly from the defense armament program. Generally speaking, the unskilled worker who is migrating is not finding a ready market for his labor.

The most striking evidences of migrations appear in connection with defense operations either in industrial centers or at Army cantonments. The migrations into States create more problems than migrations out of States. Serious situations have not yet been created where labor leaves an area. However, the W. P. A. in watching economic trends, has observed substantial migrations of labor from the States of Alabama, Arkansas, the Dakotas, Georgia, Kansas, Kentucky, Louisiana, Nebraska, Oklahoma, Texas, Vermont, and Washington into other States. Obviously the list is incomplete.

This is brought out clearly in examining reports from many States which report an influx of labor:

Arizona reports its usual type of influx of cotton pickers but it has shown no appreciable influx as a result of the defense program.

The same situation is reported for Arkansas.

In Florida there is at least the usual seasonal migration of workers who seek to obtain winter employment in milder climates. The citrus belt also offers employment opportunities. A very important concentration exists at Camp Blanding (60 miles southwest of Jacksonville). Approximately 19,000 workers were concentrated in this area according to recent reports received.

There is undoubtedly some inter-State migration into Illinois, although this has not been described as a serious influx.

Indiana has received workers from Arkansas and Missouri.

In Louisiana a large concenraation of out-of-State workers exists at Camp Beauregard in the Alexandria area. It has been estimated that a third of the 16,000 workers have come from adjoining States.

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[1] No additional material was received by the committee.

Maryland has received workers from adjoining States, a large part of them being drawn to the Fort Meade area.

Mississippi shipyards have attracted skilled workers from the northern States.

New Hampshire reports some movement into the State of workers who have come after making specific arrangements for jobs.

Workers are coming into North Carolina from Georgia and South Carolina. A concentration point is Fort Bragg.

Similarly, in Ohio, workers are coming in from West Virginia and Pennsylvania to seek employment.

The principal concentration points for out-of-State labor in South Carolina are Fort Jackson near Columbia, and Charleston. At Fort Jackson, approximately 10,000 persons have been employed, of which over a third have come from outside the State, principally North Carolina and Georgia. Workers at the Charleston Navy Yard likewise have come, in some cases, from outside the State. The turn-over of employment at Fort Jackson is great because of the inadequate training and experience of persons who have obtained employment.

In Vermont the Burlington and Fort Ethan Allen areas are attracting out-of-State labor. The Eastern Shore of Virginia has had a substantial boom in employment because of defense activities. It has not been possible to estimate how much of the employment is from out-of-State sources, yet it is believed that a substantial amount must be of that type.

There are, of course, many shifts in employment within States. In examining economic trends, Work Projects Administration State organizations advise that such movements are occurring in connection with defense acivities in California, Connecticut, Georgia, Kentucky, Louisiana, Michigan, Mississippi, Nevada, New Jersey Rhode Island, Tennessee, Texas, Vermont, and Washington.

New York City reports a shift in the source of out-of-State families coming into that metropolis. There has formerly been a strong concentration from the South, but there is a shift to families coming from the Middle and Western States. This undoubtedly can be explained in part by the increased employment opportunities in the South.

One of the conditions which is commonly noted is that some of the migrating families which are seeking work are not destitute. They are frequently poor, and if they do not find employment quickly, serious need problems will result. However, the type of migrating family which is appearing in many defense areas is that which has means of making its migration from the home area to the defense area. There should be considerable concern as to the dislocation and responsibility for caring for needy families when such booms in employment are over.

LIVING CONDITIONS IN AREAS AFFECTED BY MIGRATION OF LABOR

The current migration to Army cantonment construction areas and centers of defense industry has affected the housing problem of local residents and the new influx of labor to varying degrees.

Generally speaking, the most thickly populated States, where defense industries have drawn labor to large industrial centers, report little or no housing difficulties. The smaller centers of employment are less adequately prepared to meet the problem, and therefore the burden of housing increases in proportion. In places where rents have advanced, the burden of higher prices, crowded living conditions, and scarcity of houses, has been felt not so much by the imported labor group as by the local low-income group. Some of the northeastern States and the Middle Atlantic Seaboard States feel this most acutely. In many places, steps have been taken, either through local groups of the Federal Housing Authority, to remedy this situation.

The mushroom growths in the neighborhood of Army cantonments are a result of sudden influxes of labor. These influxes have reached startling proportions, and are in the places where the most serious housing, health, and sanitation problems are found. Army cantonments are frequently located near small communities, which are totally unprepared to meet the needs of the new residents. Housing and restaurant facilities are lacking, unreasonable prices for poor shelter and food prevail, and workers live in automobiles, shacks, or other improvised quarters. The sanitation problem is a great danger to public health.

Outstanding examples are the housing conditions at the Army post under construction at Tullahoma, Tenn. Approximately one-half of the 8,000 workers live within a radius of 30 miles and provide their own transportation. The remainder, who have migrated from other points of the State or other States, are attempting to live near Tullahoma in tents, automobiles, and barns. Every hotel, rooming house, and private home is filled to capacity. The largest hotel in the vicinity has established a rate of $90 a month for a single room without bath and board. The State department of health advises that the sanitary conditions in the vicinity of the cantonment site and of the town of Tullahoma, are very bad. The Work Projects Administration sanitary project has been enlarged in an attempt to alleviate the condition but because of the extent of the condition, the situation remains serious.

In Columbia, S. C., there is a great need for additional housing facilities. However, even though these are provided, the migrants seeking work in Fort Jackson would probably not benefit from them since new living quarters, with the exception of low-cost housing under the United States Housing Authority, are outside the range of the migrants' income. Most of them live in boarding houses, tourist and trailer camps, or in automobiles.

Several cities in Texas, among them Dallas, Corpus Christi, Galveston, and Houston report inadequate living conditions. Rents have generally increased. Many migrants are sleeping in automobiles and trucks, or fenced inclosures with no roof. Cooking is done along the roadside. Sanitation facilities are lacking.

Situations similar to those cited above are duplicated in many States. Increased efforts are being made by local authorities and contractors to bring about some improvement. The situation continues to be very serious.

CONCLUSIONS

It is my recommendation that the committee should not overlook the maximum application of the services of existing Federal agencies in alleviating the migration problem. An adequate housing program and greater use of the State employment service as clearing houses for information as to available jobs are much to be desired.

My recommendations, however, are directed primarily to the Federal services which have prevented and can do much more to prevent unnecessary migration. The stamp plan which is often the only assistance given to needy families in rural areas should be extended. The work program operated by the Work Projects Administration should continue to provide assistance to needy unemployed workers where they live. The farm-security program should extend, if possible, the rehabilitation services. Perhaps a combined program of rehabilitation on the farm with a limited amount of Work Projects Administration work for cash income could, in a limited period of time, permanently rehabilitate many families. Such a program would be of relatively low cost compared to the cost which is going to fall sooner or later upon either the Federal or local governments, or both, for maintaining needy migrating families which have lost completely their economic roots.

TESTIMONY OF FRED R. RAUCH—Resumed

Mr. SPARKMAN. I have read your statement, Mr. Rauch, which has been made a part of the record. I would like to ask you a few questions and have you give us some of the high points of your statement, if you care to do so.

Were you here when Mrs. Williams was giving her statement?

Mr. RAUCH. No, sir; I am sorry I missed it.

Mr. SPARKMAN. In the course of her statement she told us in rather graphic language of the conditions existing at Camp Blanding, Fla. I believe you mentioned that in your statement, and you also mentioned the situation at Camp Tullahoma, in Tennessee. It seems they are comparable.

I would like to have you describe those situations, according to the information you have, and just what work has been done to alleviate the conditions.

HEAVY MIGRATIONS TO CAMP SITES

Mr. **Rauch**. At Camp Blanding, Camp Tullahoma, as well as other places of similar character, there has been a great deal of migration of skilled and semiskilled construction workers for the purpose of obtaining work in the construction of the cantonments. The same thing is true, I am sure, at Fort Bragg, N. C., and at Camp Beauregard, in Louisiana.

The chief difficulty seems to be that word goes out that a great many skilled mechanics are needed and that high wages are being paid for construction work around the camps. A great many people flock there. These camps are usually situated close to small towns. It would be unusual for them to be situated near a large center of population.

Housing facilities are limited, and sanitary facilities are limited. The employment facilities are very limited in comparison with the great number of people who go to seek work, and it causes a very distressing condition.

The fact that people go there in large numbers increases the cost of food, increases the cost of housing facilities that are available, and causes extremely dangerous sanitary conditions. It seems to me it is something that should be seriously considered by the committee, in order, if possible, to do something about it as rapidly as possible.

Mr. **Sparkman**. Are those conditions for only a short duration of time, or do you contemplate they will continue for the entire construction period?

Mr. **Rauch**. For the most part, as we see it now, the construction work will be completed early in 1941. Of course, I assume there will be work continuously going on at those places, and there will be a continuous stream of people seeking work.

Of course, it is necessary to have persons going to those places to seek work so they may have the labor necessary to construct the work that needs to be done. My opinion is that the conditions will get better the longer the problem is with us.

Mr. **Sparkman**. Most of these people who become problem people, I might say—are they skilled or unskilled workmen?

SKILLED WORKERS MIGRATE

Mr. **Rauch**. They are all skilled and semiskilled people. We find very little, however, in connection with the national-defense program of unskilled people leaving their homes to seek work. For the most part it is the skilled and semiskilled people who feel they can obtain work in the construction of the camps.

I have one example I can cite, if you please, at Fort Bragg, in North Carolina.

There are a considerable number of contractors engaged in the construction of facilities at that camp.

There is an employment office down there. The Employment Service has been sending requisitions up until recently—I am not sure whether they have or have not discontinued the practice—they have been sending requisitions for 2,500 carpenters, and when the carpenters come down there—people hear of this information through the trade journals and by word of mouth and in newspaper stories—when these men go down there, men who profess to be carpenters, they are put out in what is more or less of a bull pen and told to wait. A contractor's superintendent may need 15 carpenters, and 1 carpenter superintendent would go out to this camp and say they need 15 carpenters, and they will have them come in.

Maybe in another section of the work a contractor would be laying off 15 carpenters, and they would go back into the waiting line, with this large group of people waiting for jobs.

We have had several actual experiences where men have come from 70 to 80 miles, men who worked on W. P. A. and who worked out there.

The policy of W. P. A. is that if there is a job with any decent circumstances surrounding it, if the pay is about right and the hours about right and job conditions anywhere near fair, we require workers to leave W. P. A. to take private work. We have cut people off of W. P. A. and sent them up there, and we have done this in other like situations. If they do get the job, then after they work all day they have found that there is no place within 50 or 60 miles for them to stay.

Mr. SPARKMAN. W. P. A. has never been able to give employment to all those who have been certified, has it?

Mr. RAUCH. No, sir.

Mr. SPARKMAN. About what percentage have they been able to give employment to, would you say?

Mr. RAUCH. About 65 percent of those who are certified.

Mr. SPARKMAN. Is that about the average throughout the country?

Mr. RAUCH. That is about the average throughout the country; yes, sir.

Mr. SPARKMAN. I heard the State manager of projects in my State of Alabama make the statement that 50 percent was the highest for our particular State.

Mr. RAUCH. Yes, sir; that is in Alabama. Your agricultural conditions there have not been as favorable as they might have been to the intake situation. In other words, they have certified people down there pretty freely.

Mr. SPARKMAN. But they have certified them less, proportionately, than in other areas?

Mr. RAUCH. That is right.

GRAVITY OF POST-EMERGENCY PERIOD

Mr. SPARKMAN. A good many witnesses who have appeared before our committee have warned us of the gravity of the situation which will exist after the period of emergency defense activity is ended, and have said that we might expect another big migration at that time. I wonder what your thoughts are along that line.

Mr. RAUCH. It certainly will present a very serious problem to this Nation during the post-war time.

I, of course, believe sincerely in a work program, but I believe the best defense in preparation for that time is the maintenance of an adequate work program for needy people.

Mr. SPARKMAN. Certainly we should be contemplating such an emergency and planning for it.

Mr. RAUCH. Yes, sir.

Mr. SPARKMAN. What has been the general policy of W. P. A. regarding the shutting down or adjusting of projects to meet the seasonal demands for farm labor?

Mr. RAUCH. It is the fixed policy of W. P. A. to close down any project, no matter how important the project might be, in order to permit workers to take jobs in private industry.

Whether it has been just a 1-day job, or a 2-day job, a 1-month job, or a permanent job, it has been the policy of W. P. A. to require the workers to go to private jobs when they can get them, and we will go to any extreme, as far as the closing down of projects is concerned, to get them to do that.

Mr. SPARKMAN. In other words, it is the policy of W. P. A. to regard that activity not as a career industry, but simply as an organization to furnish work to take care of an emergency?

Mr. RAUCH. That is correct.

Mr. SPARKMAN. Sometimes we hear complaints of people in rural areas to the effect that they cannot get help in connection with their crops, particularly during harvesting time, or, down in my section of the country in the spring when hoeing time comes, because people will not leave W. P. A. to take that employment.

Formerly there was some difficulty, was there not, for employees to get back to work on W. P. A.?

Mr. RAUCH. Yes; at one time there was more difficulty than in the last 2 or 3 years.

Mr. SPARKMAN. That has been adjusted over the last couple of years?

Mr. RAUCH. As a matter of fact, the law provides that workers who leave W. P. A. to take jobs in private industry and lose their jobs through no fault of their own, must be restored to their previous employment status without delay.

WORK PROJECTS ADMINISTRATION SHUT-DOWN

Mr. SPARKMAN. Have you had any shut-downs in projects because of a lack of skilled labor?

Mr. RAUCH. We have had to close down projects in certain areas because of lack of all types of labor. We have restricted our operations in certain sections, on the Eastern Shore of Virginia; at Hampton Roads and Norfolk, the program there has been restricted.

Then at San Diego, Calif., our program has been restricted.

Not far from here, during the apple season, at Winchester, Va., we closed down a project in that county so that there would be a sufficient amount of labor to pick the apple crop.

It may be interesting in this connection for you to know that W. P. A. investigates thoroughly every complaint we get, even if it involves only one worker, and the complaint says that this man refused to leave W. P. A., or the man making the complaint might say, "I am a farmer, but I have been unable to get help during the harvest season or the planting season." I want to make it clear there is not one complaint that is not investigated. But in the past we have found only one small fraction of 1 percent of the complaints had any validity. The investigations are not in the nature of a whitewash, but are made in order to obtain the facts. We do that because we want to be sure that workers on W. P. A. do not regard W. P. A. as a permanent job.

Mr. **Sparkman**. Can you give us any idea as to the number of unskilled workers taken from the W. P. A. by the defense program?

Mr. **Rauch**. No, sir. We lose on the average 100,000 persons a month, who leave W. P. A. voluntarily to go into private industry.

Mr. **Sparkman**. Over how long a time have you been losing that number?

Mr. **Rauch**. That percentage has been pretty constant over 5 years.

Mr. **Sparkman**. Has there been any quickening of that since the defense program started?

Mr. **Rauch**. No. I think probably there have been more skilled workers who have left W. P. A. But I am not at all sure that there has been any greater percentage of unskilled workers that have left W. P. A.

REFRESHER COURSES FOR WORKERS

Mr. **Sparkman**. Can you give us any idea to what extent W. P. A. workers have received refresher courses in vocational training connected with the defense program?

Mr. **Rauch**. We have at the present time about 29,000 people on W. P. A. in vocational schools receiving refresher courses. Those courses last from 4 to 9 or 10 weeks at the outside.

I have not the current reports, but the number of people who gain jobs after they have those refresher courses is increasing to quite an extent.

Mr. **Sparkman**. What are the ages of the employees who take those courses?

Mr. **Rauch**. We have no age limit. The age of the trainee depends on the requirements of private industry. If we can get a man on W. P. A. who has been a skilled workman in the past, even though he is 55 or 60 years old, we try to see that he gets back into private industry, and we provide for that as quickly as if he were only 18 or 20 years old. As a matter of fact, we work with employers right along to obtain that result.

Mr. **Parsons**. Mr. Rauch, you made reference in your testimony to shutting down projects in order to take care of seasonal employment in certain areas, such as areas where there is fruit picking or harvesting.

What procedure, if any, has been undertaken by the local agencies of W. P. A. in looking after this seasonal employment, in whatever line it may be, and to have those people reinstated, so far as the local district or county officers are concerned?

Mr. RAUCH. Of course, as you know, W. P. A. is decentralized and operates in more than 3,000 counties in the United States, and our administrative employees, those people who operate the program and are responsible for the operation of the program are usually local people, and they know the employment conditions, and they know the industrial and agricultural conditions in the county. It is our policy that they shall keep in touch with those conditions, and if it is necessary to close a project down, that they shall do it. It is only necessary for an employer to show that he needs labor in order to have them close a project.

Mr. PARSONS. There has been some complaint in my territory that I had taken little pains in the last 3 or 4 years to even slightly investigate those conditions, at least.

We have in one county of my district a great deal of fruit. The orchardmen have complained to me that they could not get W. P. A. labor to harvest the fruit. The individuals who used to be employed by them are now working on W. P. A. When I have referred the matter to W. P. A. officials the statement has been made to me on more than one occasion that they do not propose to pay W. P. A. wages for the harvesting of crops or fruit.

What is your requirement and procedure in the local offices with reference to wages paid and the conditions under which W. P. A. workers must be furloughed to aid and assist the landlords?

Mr. RAUCH. The only requirement W. P. A. has is that the wages paid are the going wages in that community.

FRUIT GROWERS WANT CHEAP LABOR

We have had complaints from industrial areas and fruit growers that they could not get W. P. A. workers to harvest their crop, paying a dollar a day for an 8- or 12-hour day, which is perhaps 50 cents under the going rate. That is the only situation in which we feel that the continued operation on a project is justified.

If the wages are the going rate in the community for that particular type of work we do not feel that we are authorized to make them raise the wages. If they are the going wages in the community for that particular type of work, then it may be necessary to close down those projects.

Mr. PARSONS. Ordinarily, in this apple and peach country they pay the workers on a piece basis. Sometimes, if a worker is the right kind of a worker they pay him at a daily, weekly, or hourly rate, which runs, on the average, at least $2 a day. Of course, that requires that they work longer than on W. P. A., maybe as long as 10 hours.

Naturally, the operators are critical, in many instances, of W. P. A. for that reason.

The same thing is true in harvest time, in connection with wheat, oats, and grass fields. They complain because they cannot get W. P. A. workers.

From my observation, and I think they have done as good a job in southern Illinois as anywhere else—my observation is that not enough attention is paid to those things by the local W. P. A. That may have been changed in the last 10 days or 2 or 3 weeks.

A fellow working on W. P. A. feels, if he leaves to accept a job in private employment, when he comes back he will not be able to get his job back on W. P. A. no matter what the wages have been.

Mr. RAUCH. I am sorry I do not have with me a copy of the instructions, or a bulletin sent out to the States within the last day or two, to which was attached a statement to the W. P. A. workers——

Mr. PARSONS. Was that the statement which appeared in the press yesterday, under Mr. Hunter's authorization?

Mr. RAUCH. Yes, sir. I would be pleased to send you a copy of that statement, with those instructions to the States.

I will also be pleased if you would call to the attention of the State Administrator or the Washington office, or to my attention, any time you find there is any apparent reluctance to see that workers go to private jobs, and I will guarantee it will be investigated promptly, and appropriate action will be taken.

Mr. PARSONS. What is your thought or estimate, if you care to give it at this time, of your anticipations of the roll for the next fiscal year with the defense program speeded up as it is?

Mr. RAUCH. I am not prepared to make public at this time our estimates because that would depend upon—for the next fiscal year, as I understood you to say?

Mr. PARSONS. Well, let me ask you this question first: Will the appropriation which the Congress has made for the fiscal year ending June 30, 1941, be sufficient to last until June 30?

WORK PROJECTS ADMINISTRATION NEEDS MORE MONEY

Mr. RAUCH. The appropriation, as you will recall, was made with the provision that it could be expended in 8 months. It will not have been fully expended in 8 months but it will be necessary to request a supplemental appropriation in the early session of Congress.

Mr. PARSONS. It will depend, of course, upon facts that develop between now and June 30 as to the contemplated appropriation of the amount that will take for the next fiscal year.

Mr. RAUSH. Yes.

Mr. PARSONS. Has the W. P. A. taken into recognition the migration problem; the amount of unemployed workers in certifying those who were eligible?

Mr. RAUCH. Yes; we have taken it into consideration, and the W. P. A. is very conscious of the migrant problem, because as you will recall in 1934 and 1935 when the Federal Emergency Relief Administration, which was the predecessor of the W. P. A., was in operation, we had a special program for transients and migrants.

While we have no special program for any group at this time, consideration is given to requests from State administrators for increases in quota in adjusting the unemployment authorizations, where the migrants are certified by the local certifying agencies or the State relief agency on the projects on which they employ them, but outside of that there has been no special provision made for migrants.

Mr. PARSONS. You are finding, however, that in certain areas sponsors are unable to furnish further contribution.

Mr. RAUCH. That is correct.

Mr. PARSONS. In many instances for certain types of projects.

Mr. RAUCH. That is correct.

Mr. PARSONS. And these people, if you are unable to find work for them, will have to go back on direct relief in those States?

Mr. RAUCH. Yes.

WORKS PROGRAM HERE TO STAY

Mr. PARSONS. Do you think that there will ever be a time when we will be able to get entirely away from a works program for unemployed?

Mr. RAUCH. No.

Mr. PARSONS. There will either have to be some type of work of that character or else they will have to be thrown back on direct relief rolls in the various States.

Mr. RAUCH. That is right.

Mr. PARSONS. What do you think are the reasons for the great unemployment and of its continuing in spite of the fact production in almost every activity is almost at as high a peak as it has ever been in peacetime of this country?

Mr. RAUCH. As a matter of fact, the factory index and business index is the highest it has ever been in the history of the United States, and still there are great masses of unemployed. One of the very important reasons for the continued mass unemployment is the increase in the labor groups, the increase in the last 10 years of the number of persons within age limits that are considered working groups.

Mr. PARSONS. Many of them have come from the soil, have they not, and are not able to rehabilitate themselves?

Mr. RAUCH. Many of them have come from the farms. There is a net increase in the labor supply of about 600,000 people a year; that is a net increase, of young people coming into the labor market; a net increase over those who die or leave the labor market because of old age and incapacity.

Mr. PARSONS. And the mass consumption of that increase does not keep pace with the labor-displacing machinery which makes for mass production, does it?

Mr. RAUCH. That is right; technological improvements and general increase in the efficiency and increased mechanism of more work requires fewer workers than have been required in the past. There is a combination of circumstances that causes the labor supply to be much larger now than it has ever been and much larger than is necessary to produce the normal requirements of the population.

Mr. PARSONS. Do you agree with me in this statement which I have made many times, that there has never been any discovery that is as good for the human body in building character as good old-fashioned toil?

Mr. RAUCH. I certainly agree with you to the fullest extent.

Mr. PARSONS. Is that not the thing that has made America great?

Mr. RAUCH. If it is not the sole thing, it certainly has been a very important factor.

Mr. PARSONS. Now, perhaps you will not agree with me on the next premise, but if we had spent as much time trying to get ourselves straight about labor-saving machinery as we should we would have put a lot of these people back to work.

Mr. RAUCH. I am not sure that I could agree with you if I understand the question properly. As I understand your question is that if we would avoid technological improvements then we could have provided work for a great many more people who are unemployed?

Mr. PARSONS. Yes.

Mr. RAUCH. No; I think it would have been a measure to retard, in a way, the development of employment.

NEW INVENTIONS TO DISPLACE LABOR

Mr. PARSONS. At the present time I understand there are a lot of new inventions already patented, that will further and greatly displace labor, that are being held in abeyance, however, because of present unemployment conditions, and because those operations are not needed in our national-defense program at this moment.

There are many inventions ready for use now that, if we should ever become engaged in war, we might use to further displace labor and increase very greatly our mass production. And eventually, if we continue at the rate we have been traveling since the beginning of the World War in 1914 to displace labor, will not the day come when machines become the masters of men rather than men being the masters of machines?

Mr. RAUCH. No; I think history has proven otherwise. I am not an economist but we only have to go back as far as the cotton gin. When the cotton gin was invented, which was quite a bit before my time and your time, I understand there was a great hue and cry that it would be the ruination of this country. To the contrary it was a boon to those employed in the cotton industry. I think that as far as the United States——

Mr. PARSONS (interposing). But if they were still picking cotton by hand in the South, there would not be the lack of employment of those who were picking cotton in the South.

Mr. RAUCH. If we did not have competition from other lands and other places that would be possible, but competition in business and in our foreign trade, I think, will require that we make the best use of any facilities that we might be able to develop in spite of the unemployment.

PRODUCTION AND UNEMPLOYMENT BOTH PROBLEMS

I think we have two problems. I think we have one problem in studying the advancement in our production methods. I think we have another problem of unemployment. I am not at all sure that we will cure the first one by arriving at an improper solution of the second, or vice versa.

Mr. PARSONS. I know we cannot stop progress. Ever since the dawn of history we have been improving conditions with new discoveries, with new inventions that the genius of man's mind has created, and we cannot any more stop that than we can stop progress in other directions, but some way and some means must be devised to take care of human individuals.

Mr. RAUCH. I agree with you.

Mr. PARSONS. Those who are displaced.

Mr. RAUCH. I agree with you heartily.

Mr. PARSONS. And we cannot continue to keep the Government, billions of dollars in debt, on and on, continuously, because there must be a stop to that some time.

Mr. RAUCH. I think we are in agreement on that.

Mr. PARSONS. Or else we must go on in some endless economy under which we may never expect to pay the bill.

Do you have any comment with reference to the future of our indebtedness?

Mr. RAUCH. No; that is a little bit outside of my province.

Mr. PARSONS. Have you any questions?

Mr. CURTIS. Did I understand you to say that you thought we would always have to have a work program?

Mr. RAUCH. I would not want to be on record as having said we will always have a work program. I say that for some time to come it will be necessary to have some type of relief program, and I heartily believe a work program is the finest type of program that we can get to meet that situation.

Mr. CURTIS. How long do you mean by "some time to come"?

Mr. RAUCH. Well, that depends. We have not ceased to need it at this time, according to the best estimates of unemployment; and in the predictions that are made for the next 2 years I fail to see that we will not need a work program. And as I said before, if world conditions change so that we have people thrown out of employment, and unless there is a greater demand and greater need than our normal requirements, unless conditions change radically, we will need a work program more than ever before.

Mr. CURTIS. Well, do you think that America is through as a people who are self-supporting?

GROWING PAINS AND NEW JOBS

Mr. RAUCH. Absolutely not. I think that America is certainly not any more than at the beginning of its existence; but I think that is one of the things that we find in growth; that is one of the problems that we have to contend with.

Mr. CURTIS. Growing pains.

Mr. RAUCH. Growing pains; yes.

Mr. CURTIS. Well now, how many people have become unemployed because of the advance of machinery, in the last 20 years?

Mr. **Rauch.** I am not prepared to testify to that right offhand. There has been a considerable number.

Mr. **Curtis.** If we stop to consider the number of people employed, who have found new employment in the last 20 years, for instance in the radio industry, including its manufacture and wholesale and retail, servicing, shipment, and so forth; the broadcasting, with all its ramifications; with television; and then go on into the gasoline business with all the ramifications as is indicated for the radio; air conditioning; the refrigerator, to say nothing at all about the automobile industry; the manufacture, repair, and servicing, the wholesaling and retailing; storage, transportation and insurance, adjusting claims on the insurance; financing, and so on, together with a like development of aviation all during these years.

During all these hearings I have been looking for someone or some committee or some foundation which has arrived at an answer as to what the machines have done to employment; in other words, if you would put down on one side of the book every job taken away by machines and on the other side of the ledger what jobs have been supplied by machines, and find out the answer.

Now they may be right that machines are displacing labor. No doubt they may have here and there, but so far I cannot find anything but guesses and prejudice.

Mr. **Rauch.** Do not overlook the fact that individual productivity has perceptibly increased, unquestionably increased in the last 10 years.

Mr. **Curtis.** Has not consumption?

Mr. **Rauch.** I am not so familiar with consumption figures.

Mr. **Curtis.** But do you not believe that every individual buys and uses a lot more than his grandparents?

Mr. **Rauch.** Oh, yes.

Mr. **Curtis.** Many times more.

Mr. **Rauch.** Yes, sir; in that long a period of time, yes; but one important factor which must not be overlooked is the increased labor supply each year.

Mr. **Curtis.** And that is due to boys leaving the farm.

Mr. **Rauch.** Not necessarily, but there are fewer—let us put it this way—there are fewer infants relatively to the total population today than there were 10 years ago, and a greater number of people within the age group who are young than there were 10 years ago in relation to the total population. That has resulted in the last 10 years in increasing the labor supply; the net increase in labor supply is in excess of 5,000,000 persons. There have been various estimates, and the smallest estimate I have seen is 5,000,000 people.

Mr. **Parsons.** But we have had a comparative increase all down through the years, especially in towns and cities.

Mr. **Rauch.** No.

Mr. **Parsons.** In proportion to the jobs available at that time.

Mr. **Rauch.** No; I think not.

Mr. **Curtis.** Through immigration did we not have?

Mr. **Rauch.** Through immigration——

Mr. PARSONS. We also had the old frontiers which we do not have now.

Mr. RAUCH. The old frontiers?

Mr. PARSONS. Yes; where people could go.

NEW FRONTIERS IN INDUSTRY

Mr. RAUCH. The old frontier was a very important factor in our American way of life, and we have no frontiers, as we were accustomed to thinking of frontiers. We still have frontiers, frontiers aplenty, but we cannot move out and get a section of land, anywhere from a section to several sections of land, for settling on it now.

Mr. PARSONS. Our new frontiers are in new industry, new automobiles, and things of that sort.

Mr. RAUCH. Yes.

Mr. PARSONS. But they do not afford the kind of opportunity upon which to establish a home and rear a family and make a living though family-unit production as we did have in the century before.

Mr. RAUCH. That is right.

Mr. PARSONS. When we had frontiers to move into.

Mr. RAUCH. Yes.

Mr. PARSONS. Is not that pretty much the answer to a large part of the problem now?

Mr. RAUCH. That is the answer, pretty much. And that provides thought also for our national resources. As long as we had wide open frontiers, where people who felt they wanted to make a better living than they were then making for themselves and their family, they could settle on the frontiers and use a part of the great natural resources at that time.

Mr. PARSONS. I am very sorry about one thing, that in every one of these hearings I go off at a tangent, and I find I get farther afield, so I am not going to ask you any more questions with reference to that, although I enjoy having the matter discussed and getting new ideas on it; but it takes too much time to develop it.

Any further questions?

Mr. CURTIS. In reference to W. P. A. projects: Would the W. P. A. welcome it if in the report of this committee we could suggest certain projects with a long range of time involving the stabilization of the population?

Mr. RAUCH. Well that is a pretty big proposal, but I will assure you that we will be only too happy to consider any project that will be of public usefulness, that will be of use in solving this problem.

W. P. A. FOR USEFUL PUBLIC PROJECTS

Mr. SPARKMAN. Do I correctly understand that the purpose of work projects is to give to the needy employables, work on useful projects?

Mr. RAUCH. Useful public projects.

Mr. SPARKMAN. Useful public projects.

Mr. RAUCH. Yes.

Mr. SPARKMAN. Yes, that is the purpose rather than to get a dollar of investment for every dollar expended on the project.

Mr. RAUCH. That is the primary object. The secondary is almost as important, and of course it is secondary, but it is important to get as much as we can for every dollar expended under the primary objective.

Mr. SPARKMAN. A couple of weeks ago I was down in my district and I attended a joint meeting of the county board, a representative of the city board, the area manager, or director of the W. P. A., with the engineer of the State, project director, or whatever his title was, and they were discussing the W. P. A. program in that area. I was very much surprised to hear the State man say that it was their purpose to get a dollar's worth of investment out of every dollar spent, and that on the current projects that meant that if they could get more by the use of machinery than by the use of men, that machinery had to be used.

Now somehow, that seemed to me, was defeating the primary purpose of the W. P. A.

Mr. RAUCH. The primary objective of the W. P. A., as you stated, and I will state again, is to provide useful employment for persons who are unemployed, and who are destitute because they are unemployed—who are employable—on useful public projects. Now that is the primary objective.

We are faced, where it is necessary, however, with prosecuting the work with the people whom we employ, in as efficient a manner as we can consistent with the primary objective of the program. Do I make myself clear? In other words, in achieving the primary objective we want to operate the project as efficiently as we can. To put it this way, instead of having a thousand men use a few picks and shovels that would result in moving earth at 4 or 5 dollars a yard, if we can use some trucks and maybe a gasoline shovel and move it for a dollar a yard and still provide work on other projects for the number of workers who require work, I think that it is encumbent on the W. P. A. to pursue the second method of operation.

MACHINERY DEFEATS W. P. A. PURPOSE

Mr. SPARKMAN. But if the use of that machinery throws men out of work it seems to me to be defeating the purpose of the W. P. A.

Mr. RAUCH. Yes, if it is throwing men out of work.

Mr. SPARKMAN. In other words, it seems to me that the efficiency motive can very easily be overdone.

Mr. RAUCH. That is true. If we go into a job of building highways and we do it by the use of the maximum of machinery and we are not able because of that to employ the number of needy people whom we are expected to employ, I will agree with you. But we must do the job with as much efficiency as we can consistent with the primary objective; and I think it is necessary for us to do it that way.

Mr. SPARKMAN. That is all.

Mr. PARSONS. Mr. Rauch, the suggestion has been made by one of those who testified here that a fourth category might be set up in the Social Security Board for Federal grants-in-aid to States to assist the relief program outside the W. P. A. Do you have any comment to make about that suggestion or recommendation?

Mr. RAUCH. In certain categories of personal employment, I think it is all right; but I would like to be on record as being opposed to any direct relief for employables, no matter if it is W. P. A. or Social Security.

I am in accord with direct relief or assistance to the States, if that is the policy of the Federal Government for unemployable people in certain categories, but for employable people I think the answer is a works program.

Mr. PARSONS. Thank you very much. Your testimony has been very interesting, indeed, and we thank you for coming here.

Mr. RAUCH. Thank you. With your permission, I will submit the following additional statement for the record, which I had intended to read.

(The statement follows:)

THE RELATIONSHIP OF THE WORK PROJECTS ADMINISTRATION TO MIGRANT FAMILIES SEEKING WORK

The Work Projects Administration is very conscious of the migrant problem. Our experience goes back to 1934 and 1935 when the Federal Emergency Relief Administration, predecessor to the Work Projects Administration, had a special assistance program for migrating families. Two things we learned out of that experience: First, if you want to help the family which has lost its economic moorings, do not encourage it to go on the road until it has something definitely better to which it may turn in the way of employment; and, second, generally if need of workers and their families is to be taken care of, the best place to care for such need is in the home area and not on the road.

It is beyond the province of the Work Projects Administration to organize the labor market so that workers may know of bona fide job opportunities. The State employment services are making progress in that direction. However, the Work Projects Administration is undoubtedly the largest single force in prevention of a more serious migration problem in this country by providing work for the needy unemployed in their own home communities.

MIGRANT IN NO MAN'S LAND

The value of this treatment is obvious. Unemployed workers who go on a will-o'-the-wisp search for work frequently find none. They become poverty stricken, in need of food, shelter, and clothing. They have lost the ordinary social ties in the community, such as the church, friends, clubs, private- and public-welfare agencies, through which they may receive aid and assistance. Worst of all, they cannot be employed on the works program, thereby maintaining their skills and work habits because they cannot be certified to the program under the rigid statutory residence requirements in many States. Local welfare authorities will, by and large, not refer needy residents to the Work Projects Administration for certification as eligible for Work Projects Administration employment. The migratory worker is thus left in a no man's land.

It should not be necessary for me to mention more than briefly the provisions of the law under which the Work Projects Administration is able to give work to needy unemployed persons. The Emergency Relief Appropriation Act, fiscal year 1941, requires that a determination as to the need of persons seeking work be made by local public welfare agencies. Thus, before the Work Projects Administration could employ, under ordinary circumstances, needy migrants, it would be necessary for local welfare authorities to determine their need and advise the Work Projects Administration accordingly. Work Projects Administration regulations require that persons otherwise eligible shall not be refused certification for employment because legal settlement or residence has not been established within the State or a political subdivision thereof.

However, many welfare authorities cannot, under their laws, make a determination that migrants are in need because of stringent residence requirements. In other instances, only temporary aid can be given, pending the return of the families to their State of residence. Even if the Work Projects Administration should make a determination as to need in lieu of that made by local welfare authorities, it is very doubtful that communities where these migrants congregate are prepared to sponsor projects for such persons. Under the Relief Act sponsors are required to contribute 25 percent of the cost of projects and many communities are unable and, in some cases, unwilling to take on such a financial burden.

The Work Projects Administration has felt the impact in recent years of three different groups of migrating workers and their families in search of work. The first of these is the group which is always on the move. It is literally a floating labor supply and has its roots nowhere. The second of these consists of farm families who have left the farm because it could not provide them with a minimum livelihood. The third group has become a problem only within the last few months. It is the group which is migrating for defense jobs.

FLOATING POPULATION

A group which needs the consideration of this committee are the migrants who have always been on the move. They are persons who move with the seasons or where there is opportunity for temporary employment—a floating population, many of them work only long enough to gain passage to the next town or to the next seasonal job. In predepression years there was a need for these workers in all seasonal employment fields. Now they have been replaced in large numbers by the newer migratory group described below and present a serious problem. While the Work Projects Administration program has had a stabilizing influence, local opposition from sponsors of work projects and from residents who seek work but cannot find it make it impossible for the work program to extend any widespread assistance in helping this group to settle down and become self-supporting.

SHIFTING RURAL POPULATION

A significant migration has been the shifting of a rural population whose income was normally derived from the farm or from farm employment. This includes the seasonal migrants following the harvests, the farmer driven from his farm by drought to seek a living elsewhere, the farm hand displaced by machinery, and the tenant farmers and sharecroppers who for various reasons were forced off the land or were unable to eke out an existence on their meager acreages. Here, again, the Work Projects Administration has been a stabilizing force in providing project employment for thousands upon thousands of families who otherwise would be forced to follow those other thousands for whom there has as yet been found no solution—either of home or employment.

MIGRATION RESULTS FROM THE DEFENSE ACTIVITIES

The entire migration problem has been recently complicated by a new force which makes for the shifting of large numbers of persons in search of work. To date increased employment due to the defense program or normal industrial employment has not caused unskilled labor to migrate to any serious extent. Yet there are many of these who, unemployed, hope to find jobs and so are on the move. This number is increasing. However, the stabilizing effect of the Work Projects Administration program tends to keep them employed at home and available for private or other public employment.

Skilled and semiskilled labor, on the other hand, has in most instances found a ready market and, without exception, the State Work Projects Administrations report both influx and outflow of skilled workers. These generally find work and obtain good wages and therefore present no problem of destitution. However, in many instances, acute housing shortages are reported with rents skyrocketing beyond reason. This in turn is creating a hardship on impoverished families who cannot afford increased rents and are forced to move.

This skilled and semiskilled labor is attracted to sites where Army cantonments are under construction and to centers of armament defense industries. It is generally believed that work now under way in the Army cantonments will be of limited duration only. In addition to the skilled and semiskilled workers, it is these projects that have attracted unskilled labor also. When the cantonments are completed, the skilled workers will have earned sufficient to return home or seek work elsewhere. The demand for skilled labor may be expected from other defense activities.

Of the semiskilled and unskilled, both those who found work and earned small wages and those who remained only hoping to find work, many will remain stranded, a problem for local authorities to cope with. Families and single persons have flocked there by the thousands—on foot, in cars of all kinds and descriptions, or by bus and train, with or without cash reserve. Many of these camp projects are located near small centers of population so that proper housing, health, and sanitation measures are lacking. Increasingly stringent residence laws complicate the problem of assistance, as well as opposition from local project sponsors to contribute toward the support of a population which may remain stranded at this point.

It is my belief that the Federal agencies should begin to plan and to operate now for the groups of people who are migrating and who, unless preventive measures are taken, will migrate and accentuate the problem which is already serious enough. It is further my belief that when bona fide employment opportunities can be found for members of these groups, they should be aided and assisted to obtain such employment. That alone is a big enough problem for governmental agencies to undertake. At the same time everything possible should be done to prevent the swelling of the number of migrating workers. This can best be done by extending the programs of Federal agencies which provide assistance or public work of useful character for needy families in or near the vicinity of their homes.

TESTIMONY OF MISS DOROTHY C. KAHN, NEW YORK, N. Y.

Mr. CURTIS. Miss Kahn, will you give the reporter your full name, address, and the capacity in which you appear?

Miss KAHN. Dorothy C. Kahn. I am assistant executive secretary of the American Association of Social Workers, 130 East Twenty-second Street, New York.

Mr. CURTIS. Will you state briefly what the American Association of Social Workers is, and something about the scope of its activities?

Miss KAHN. The association is a professional organization of social workers similar to that of a medical association for physicians, or the bar association in the field of law.

We represent about 12,000 social workers throughout the United States, who meet the specific qualifications of the profession, educationally and otherwise, in the field.

It is a membership organization and has 85 local chapters in various large urban communities; some State-wide chapters in which our work of organization is carried on. We are concerned primarily with the promotion of obtaining standards of performance of social work activities throughout the country, the development of better resources, and the preparation of personnel and its use of the training acquired on the daily jobs of the members; of promoting more satisfactory social programs to meet the needs of the people whom our members serve in their daily task.

That is a very brief statement of our function.

Mr. CURTIS. It is a voluntary membership?

Miss KAHN. It is a voluntary membership organization to which persons who meet our membership requirements are eligible.

The organization is about 20 years old. We have been continuously active in the promotion of social legislation. We have testified frequently before congressional committees, particularly in relation to relief-work programs, and social security.

Mr. CURTIS. Does your membership extend into all the States?

Miss KAHN. Yes; and Territories.

Mr. CURTIS. If you will please direct whatever remarks you care to make to the committee, together with any recommendations that you may have, we shall be glad to hear you. As you know, the particular task we are assigned to is the problem relating to the interstate migration of destitute persons. Please proceed in your own way.

Miss KAHN. I hope you will permit me to be very informal, because our notification of this hearing came only this morning. We happened to be in Washington. So, if you will permit us to do so, we will file a more formal statement later on.

(The statement referred to follows:)

AMERICAN ASSOCIATION OF SOCIAL WORKERS,
New York, N. Y., December 13, 1940.

Mr. ROBERT LAMB,
Chief Investigator, Committee to Investigate Interstate Migration of Destitute Citizens,
House of Representatives, Washington, D. C.

DEAR MR. LAMB: Attached is a statement for the record which was promised at the time of my impromptu testimony before the committee on December 6.

Sincerely yours,

DOROTHY C. KAHN,
Assistant Executive Secretary.

STATEMENT FOR THE RECORD OF THE COMMITTEE ON INTERSTATE MIGRATION OF DESTITUTE CITIZENS

The American Association is organized to promote and develop standards of competent practice of social work. It is concerned not only with the training and establishment of standards of competent performance but more widely with the interpretation of the facts of social work to the public to the end that the direct experience of social work may be brought to bear on social problems and be of aid to the administrative agencies organized to deal with these problems.

The association includes 11,300 members organized into 85 local and State chapters. Each chapter has responsibility for study and obtaining of data on subjects such as the material with which this testimony is concerned.

The American Association of Social Workers believes in and supports the progressive development of public social services. Since the founding of this democracy, such services have been recognized as a proper function of government. They now constitute one of the most important aspects of the relation of government to its citizens in the life of our time.

These services will not have reached a desirable level of operation until practical measures have been adopted which assure the economic, social, and physical well-being of every person in the American Commonwealth. The objective requires the leadership and resources of the Federal Government. It is the responsibility of the Federal Government either to provide or to see to it that the services needed are provided.

There are four major concerns in the development of public social services: (1) Coverage and the degree to which the needs of the people are met; (2) program, or devices and methods utilized to meet these needs; (3) administration, to carry out the responsibility accepted; and (4) personnel, the final instrument through which the purposes and designs of the services are carried out.

Throughout the last decade the association has been continuously active in expressing its concern with the problems resulting from widespread unemployment and resultant dependency. In December 1931 the American Association of Social Workers set up a commission on unemployment to study the extent of the problem in local and State areas. In May 1932 and again in December of that year, members of the American Association of Social Workers appeared as witnesses before the Congressional Subcommittee on Manufactures concerned with the problem of unemployment relief. Throughout the following years, with the development of the Federal Emergency Relief Administration, the Civil Works Administration, the Civilian Conservation Corps, the Work Projects Administration, and National Youth Administration, each step in the development of a public-assistance program was carefully studied and, whenever possible, information derived from direct experience of its members has been offered for the use of Federal and State authorities. In 1935 the American Association of Social Workers played a part in the committee work and in the hearings which preceded the passage of the Social Security Act. At each point in the development of the public program the specialized experience of the individual social workers and the association as a whole has been made available to congressional committees.

The National Committee on Transients and Homeless which included representatives from such national agencies as American Red Cross, National Association of Travelers Aid Societies, Family Welfare Association of America, etc., presented material at a congressional hearing on relief in 1933. The contention of witnesses in 1933 was that the special problem of the transient and unsettled State resident was a Federal responsibility and the needs could not be met without the financial assistance of the Federal Government. Largely as a result of this the Relief Act of 1933, section 4C, provided for the possibility of granting aid to persons who had no legal settlement in any one State or community. Again when that program was discontinued in September 1935, the committee expressed in various ways the concern which was felt for the resulting problem of provision of care for those persons in need who were not generally accepted as a charge on local or State funds.

When the association was informed of the field hearings of the Tolan Committee on Interstate Migration of Destitute Citizens, local chapter chairmen were requested to testify to their knowledge of the migrant problem in their areas. In most of the regions the American Association of Social Workers' chapters did not act per se but rather were represented by members acting in their official capacities or representing their agencies. Such additional information as the local chapter could provide was made available to them. For instance in New York the welfare council report and in Los Angeles the Council of Social Agencies studies given as testimony covered the field of information which is represented by the interests of the American Association of Social Workers.

The American Association of Social Workers considers the migration of both industrial and agricultural workers from one area to another in search of work as a natural part of our national economy. This movement in search of work has been part of our tradition since earliest times. It seems particularly important at this time when workers are needed for national defense work that they be helped rather than penalized in their efforts to obtain work. There is need therefore of strengthening the use of the public employment service and increasing the availability of general assistance to those workers whose search for work has not met with immediate success in the new locality.

STUDY OF MAY 1940 BY AMERICAN ASSOCIATION OF SOCIAL WORKERS OF TRENDS IN THE PUBLIC SOCIAL SERVICES

A study made by chapters of the American Association of Social Workers on the changes in the public social services in their areas indicate an increasing problem in the insufficient provisions made for relief for that individual who has left his original place of residence and can no longer maintain himself independently. Part of the problem is closely tied with the inadequacy of general relief. This inadequacy of general relief is heightened for the nonresident by the fact that the major responsibility of general relief is a matter of local financing.

Too often with this as a basis, the feeling of the local group is similar to that reported of Indiana: "Transients and nonresidents aided 'under protest.' The community attitude is against aiding these because of the 'dire need' of the other persons resident of the community."

While this responsibility for general relief is being one primarily of the local or county group is not new, there seems a growing tendency to shift responsibility increasingly in that direction. This may take the form of curtailment of State funds in States which supply all or part of the funds for general relief, of levying sales taxes for relief purposes, or of making stricter prohibitions on the use of State funds for nonresidents, aliens, and transients. Pennsylvania, for example, has denied relief by State legislation to any but citizens and to aliens who declared their intention of becoming citizens prior to January 1, 1940. Colorado, Ohio, California, Kansas, Illinois, and Indiana are among the States which have made more stringent residence requirements.

North Carolina, for instance, reports there is no provision at all for care of nonresidents except through the private agencies. Rockford, Ill., says the policy there is that "persons lacking legal residence are not chargeable to any public agency. Transients are offered a night's shelter in jail and a gallon of gas to get out of town. There is no organized service for them." From Ohio comes the report, "Transients are given 'a meal, a bed, and the order to get moving.'" Iowa indicates that "transients and nonresidents are given emergency care."

Limited by State action and by lack of taxable resources, communities generally seem to be reducing the amount of aid given to employable persons and to nonresidents, transients, and aliens. Often underlying the attitude toward able-bodied persons seeking work is an assumption that they are the responsibility of the Federal Government. The facts, however, are that only a portion of this group are given Work Projects Administration employment in any community. This varies from as low as 20 percent to as high as 90 percent.

Denial of aid to aliens, nonresidents, and transients is often a matter of official policy or legal requirement. On the other hand, pronounced limitation or denial of aid to persons able to work is more often a matter of practice. For instance in Missouri, able-bodied persons receive relief only in emergencies and funds for this purpose are almost negligible. In Columbus able-bodied persons were cut off relief May 1.

It is not infrequent practice to make smaller allowances for the able-bodied and other groups under disfavor or to eliminate all but major items from their allowances. However, this seems less significant than the increasing tendency to cut the general level of allowances. In the majority of communities reporting, only a proportion of a minimum family budget is covered in the allowance.

In California the standard budget is reported to be 44 percent under the minimum subsistence level for a family of five. Drastic appropriation cuts by the legislature in recent months made it necessary to reduce even this low budget 30 to 50 percent. In South Carolina the allowance was limited for a period by an order to the State Department to two-thirds. Douglas County, Nebr., reported an allowance of 22 cents per day per family in December 1939 for all needs.

The reports warrant the following conclusions: In the majority of communities funds for general relief are inadequate to meet needs; certain groups, particularly nonresidents, aliens, and transients, as well as the so-called employables, are consistently neglected or discriminated against; relief allowances in all but a few States are far below a minimum subsistence level; in many communities there is acute suffering on the part of a large proportion of the needy unemployed and dependent. These reports, coming from more than half of the States, give convincing evidence that administration of relief by States and localities without Federal assistance leads each to evade responsibilities which belong to all three.

NATIONAL DEFENSE PROBLEM AS IT RELATES TO THE MIGRANT

The problem of the nonresident out of work applying for relief has increased with the development of industries or cantonments in localities which do not have within local range the number of men needed for the work. Sometimes immigration of men into new territories for work has been controlled through exclusive use of the United States Employment Service. However, even the most guarded announcements of jobs do not prevent the rumors of jobs spreading, so that more persons come to apply for work than there are jobs available. If the employer issues a general request for workers the number applying may be 10 or 15 times the number of jobs. Many of these rejected applicants have no way of returning to their place of original residence and the men and their families are stranded. Local facilities for relief are not adequate to carry this tremendously increased burden even if the local commissioners were willing to feel this responsibility as a logical charge on them.

Added to this problem of those who are in need because of failure to get employment are those workers stranded by a lay-off after a brief period of employment. Many of the men thus laid off will not have worked a sufficient period of time to be eligible for unemployment insurance benefits. They, too, may be stranded and may have lost residence in their own State through restrictions which involve loss of settlement after a limited period of absence from the State. Thus they cannot receive general relief even if they could return to their original State of settlement and will, as indicated from evidence above, be unable to receive help in the community in which they have just had employment.

Other problems for the workers seeking or obtaining employment in these new industries are those of housing and health. Frequently the number of employees has risen far more rapidly than the housing accommodations available, or with the greater pressure of need for housing rent costs become excessive. Sanitation facilities are often on a very inadequate level and all the problems of the migrant camps grown familiar in the farming areas are repeated. Hospital facilities too are often not developed at a rate to meet the increased pressure for care. Educational facilities organized to meet the normal requirement of the community are not always flexible enough to meet the greatly increased load.

RECOMMENDATIONS

Attached is the platform of the American Association of Social Workers on the public social services stating principles which if enacted into law would make provision for needy migrants.

American Association of Social Workers' Position on Public Social Services—Resolution Passed at Delegate Conference, Grand Rapids, May 24, 1940

[Reprinted from the Compass, June–July 1940]

PLATFORM ON PUBLIC SOCIAL SERVICES

The American Association of Social Workers believes in and supports the progressive development of public social services. Since the founding of this democracy, such services have been recognized as a proper function of government. They now constitute one of the most important aspects of the relation of government to its citizens in the life of our time.

These services will not have reached a desirable level of operation until practical measures have been adopted which assure the economic, social, and physical well-being of every person in the American commonwealth. This objective requires the leadership and resources of the Federal Government. It is the responsibility of the Federal Government either to provide or to see to it that the services needed are provided.

There are four major concerns in the development of public social services—(1) coverage and the degree to which the needs of the people are met; (2) program—or devices and methods utilized to meet these needs; (3) administration—to carry out the responsibility accepted, and (4) personnel—the final instrument through which the purposes and designs of the services are carried out. On each of these concerns social work experience leads the association to support the propositions there outlined.

PRINCIPLES

I. *Coverage.*—All persons whose resources fall below a level sufficient to maintain them and their families in health, decency, and socially acceptable activity are a proper charge upon public resources.

The ultimate social cost of poverty, ill health, and idleness are bound to be greater than the immediate cost of prevention and care.

II. *Program.*—Work: Work under wholesome conditions and at wages sufficient to assure maintenance for the worker and his normal dependents should be available to all who are not disabled.

To the degree that private industry cannot provide such opportunities, government should provide them.

Work under public auspices should be provided to employ as many persons as can be absorbed in socially useful projects, which utilize the skills and abilities of unemployed persons. Such employment should be available to an unemployed person for such periods of time as appropriate work in private enterprise is unavailable to him. Wholesome conditions and protections should be assured for workers on public projects. Payment for work done on public projects should be the union scale of wages, where such scales have been developed, and should not fall below the minimum standards set by law for the protection of private employment.

Tests of individual needs other than evidence of lack of other employment opportunity are inconsistent with the concept of work outlined above.

A work program is not in itself a training program and should be distinguished from necessary efforts in this direction. Therefore, public projects for young persons and those occupationally displaced should be primarily directed to promote training or retraining in suitable occupations.

Social insurance: Provisions for insurance against loss of income because of unemployment, old age, injury at work, and loss of breadwinner have already been found to be feasible. Such provision should be extended to cover disability and illness.

The insurance system should provide benefits of such an amount and for such a period as to provide reasonable security for the insured, and progressively to reduce the need for other measures.

Coverage in existing systems should be extended to the entire working population.

Assistance: Public assistance should be available to meet the needs of all those unable in other ways to maintain for themselves and their dependents an adequate standard of living. Assistance measures should be:

1. Broad enough in scope to provide for all types of needy persons regardless of the cause of their need, and regardless of race, creed, political affiliation, citizenship, or length and place of residence, or any other arbitrary restriction on eligibility. Compulsive features of laws and rulings regarding family responsibility should be abolished.[1]

2. Adequate to enable needy persons and their dependents to maintain acceptable standards of living and to prevent physical and social deterioration and break-down of morale.

3. Granted under such conditions of eligibility and calculated in such a way as can be readily understood by persons in need. It is also essential that these conditions should be of such a nature as to appeal to a sense of fairness on the part of applicants for assistance, and thus engage them in responsible participation in the process of determining eligibility.

4. Designed to conserve the personal integrity and dignity of the persons in need and to assist them to return to self-maintenance wherever possible. Assistance rendered in form other than the normal medium of exchange violates this principle.

Employment service: Employment service under public auspices is essential for the guidance and distribution of the labor supply in relation to the requirements of the labor market. Such service, available on a Nation-wide basis, is necessary to aid in providing data on the extent of available work at any given time. It is a vital link not only between employment opportunities and the need for work, but also between this and the various other programs of government. Unless the availability of employment openings and the capacities of persons seeking work are continuously and competently related to one another, work will be denied to persons who could be effectively employed, and assistance or insurance granted unnecessarily.

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[1] Revised.

Development of adequate employment data and current inventories of occupational shortage is necessary for the promotion of effective employment service and also for the guidance of persons who have been occupationally displaced and young persons seeking a vocation.

Health service:[2] Government should provide or guarantee that adequate medical care and public-health services should not be denied to any person because of inability to pay.

Housing: Government should be responsible for providing or guaranteeing an adequate supply of safe, decent, low-rental housing for all groups who cannot otherwise be provided with adequate shelter.

III. *Administration and organization.*—In order to carry out the foregoing program a coordinated administrative structure is essential in Federal, State, and local units of government. Also essential is effective cooperation between these units, and between Federal, State, and local governments. It is impossible to meet the needs of people in a nation where these needs vary from place to place, often in inverse ratio to local resources, without the leadership of the Federal Government.

Federal resources, administrative and financial, must be utilized in appropriate measure to supplement those of State and local governments. Effective administration therefore involves:

(*a*) Federal aid to equalize the resources of State and local governments.

(*b*) The establishment by the Federal Government, in cooperation with State and local governments, of minimum standards of operation and service.

(*c*) A program so organized that at all times the various parts of the program should so fit together that lack of coverage by one program at any given time should be fully compensated for by others, recognizing that extension of employment opportunity is the first charge of our social organization, and that other programs require progressive development in this order—insurance, public work, and last assistance, and other measures of relief.

(*d*) Continuous research by appropriate government agencies as essential to sound planning.

(*e*) The recognition that financing necessary social services is costly, but that the absence of such services is more costly, not only in terms of money, but in human resources on which the money economy rests. Financing should be such as to improve the total economic situation. Methods should be based on the same principles as the program itself, so that costs will rest where they can best be borne.

IV. *Personnel.*—The public interest demands that competent service be assured in the public social services in order that public funds shall be administered humanely, economically, and effectively. Such service can be assured only through the recruitment, selection, and tenure of the best-equipped personnel in relation to the specific nature of each type of position. Professional functions should be performed by professionally qualified persons. A well-administered merit system offers the only assurance of such personnel in the public service.

TESTIMONY OF MISS DOROTHY C. KAHN—Resumed

Miss Kahn. Your committee has already received some recommendations from us, I believe, in the local hearings that you held in the various communities throughout the country. Some of our local chapter representatives have already testified and filed some data with you.

We sent you last July some abstracts from a rather impressionistic report that we had made on relief conditions throughout the United States. I think the thing we would probably like to stress with this committee is not any further accumulation of factual data, because I am sure you already have more than we could possibly give you in any brief space of testimony.

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[2] Revised.

Our point of view about this problem is that it has been unfortunate that migrancy has been considered as if it were an evil in the United States, whereas the fact of the matter is, I think we are accumulating continuous evidence to this effect, that one of the essential characteristics of American life, industry, and agriculture is that people must be free to move about in relation to the need for their productive activity. If we cannot move the jobs to the people, we have to move the people to the jobs, and there are certainly many parts of this country where moving the jobs to the people would be quite impossible.

MIGRATION IS NECESSARY

Our agricultural problems in the West and Southwest and perhaps even in some other parts of the country I think indicate that we could not possibly pick our crops without the movement of people for brief periods of time into the areas where the crops are growing and where picking is needed.

As we are now managing our industrial location of projects, particularly defense projects, it would be manifestly impossible to man these projects with what is called local labor.

We have, therefore, evidence of rapidly growing communities in and around not only industrial centers, but cantonments, serving the needs of people in their daily activities and in normal occupations.

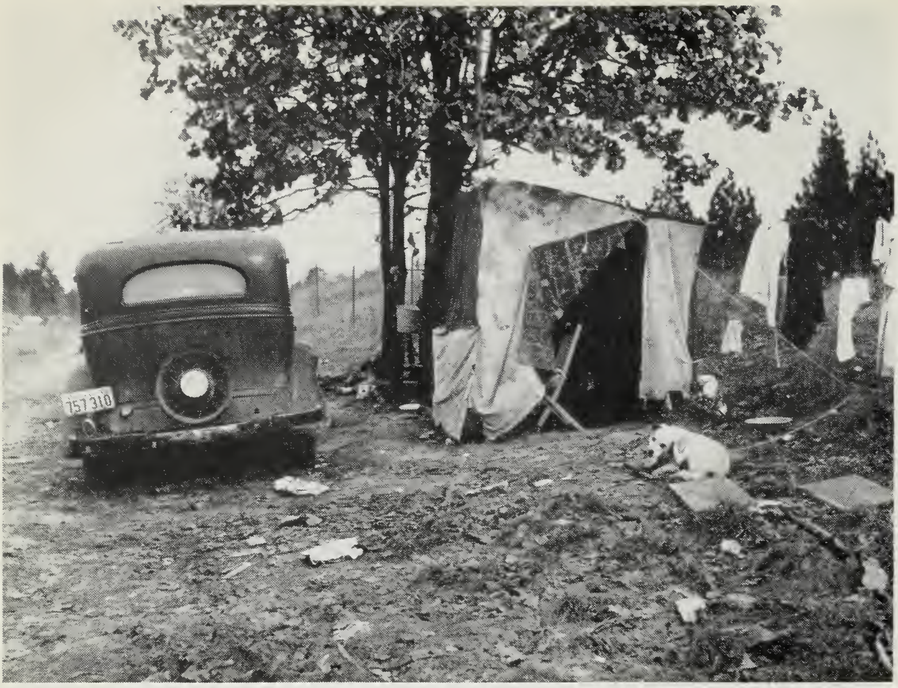
If that is true, then it seems to us that instead of placing increasing restrictions on the number of people, instead of making this normal movement of people a hazard, because individuals who happen to move and happen not to get jobs when they do move to a given place are then found to be without resources, that there is something essentially illogical in our failure to provide for people for the mere reason that they happen not to be residents of a particular locality, in spite of the fact that they are residents of the United States and are seeking not just irresponsible travel, but a livelihood.

We could give, of course, any number of illustrations of this point. Our staff members travel from time to time to our various chapters, and I have just returned from a trip to the west coast where I heard story after story of men who are seeking employment in our developing aircraft industries in and around San Diego, where groups of people are concentrating, sometimes brought in responsibly by the employing companies, and sometimes coming on their own initiative because they see an opportunity for work. And, if perchance an individual fails to get a job or if he does get a job and it is found he cannot meet some of the technical requirements such as the physical examination or the rate of speed required in some of these highly productive enterprises, the individual is laid off and he finds himself, through no real fault of his own, in a position where he has, perhaps, divested himself of his last bit of worldly goods in order to seek a job in a new community; and the community says to him, "We cannot do anything for you. We cannot even send you back to the place you came from, and, of course, we cannot give you relief because you are a nonresident."

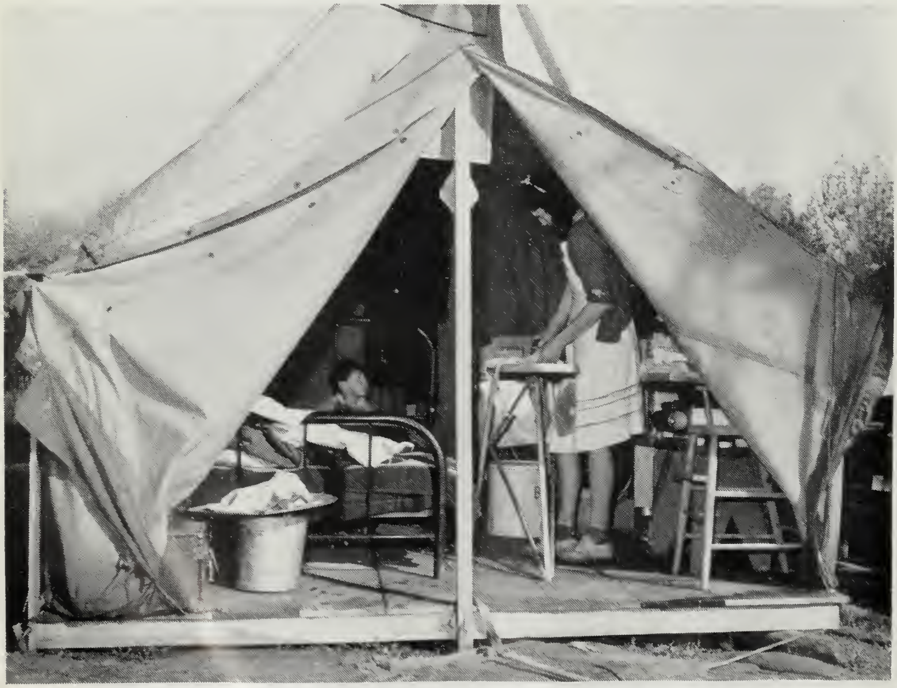
INTRODUCTION

The pictures on the following pages offer graphic presentation of the lack of housing facilities available at widely scattered defense construction projects. More than 700,000 men are engaged in the construction of ships, shipyards, Army cantonments, and on other national defense projects. Their presence in small communities has overcrowded the housing facilities in almost every case. Reference is made to the testimony of Chester C. Davis, Philip Ryan, Jane Hoey, Ewan Clague, Dr. E. R. Coffee, Boris Shishkin, J. W. Studebaker, and Isador Lubin in this connection.

These photographs were furnished by the Farm Security Administration from its files and were accepted for the record.



Migrant construction worker's family from Texas sleeping in car. They cook and eat in a lean-to. Near Camp Claiborne, Alexandria, La. December 1940.

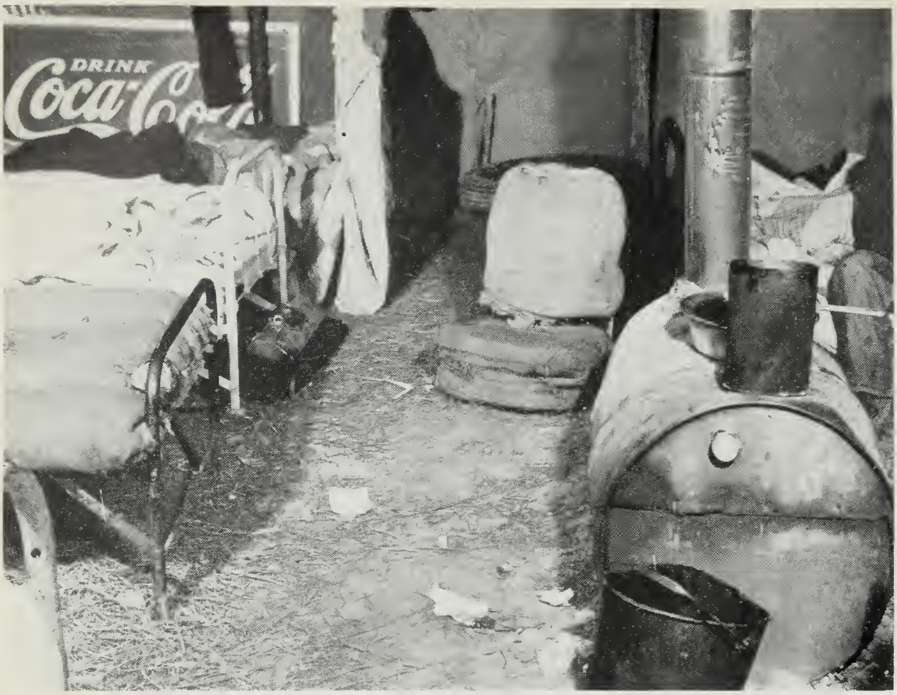


Construction worker's wife ironing in her tent home near San Diego, Calif. December 1940.

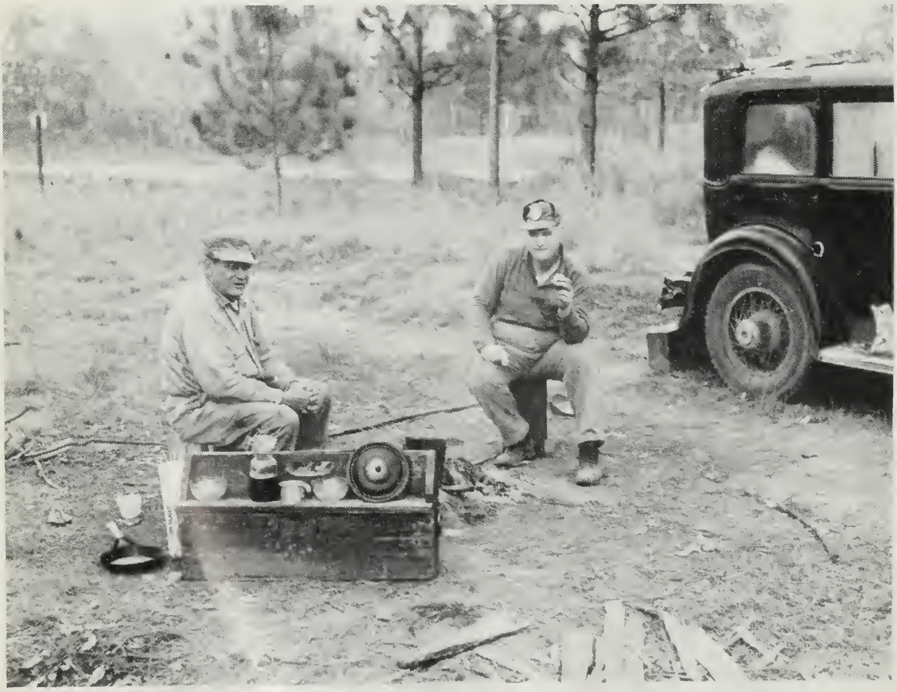
Texas migrant from Quemado Valley lives in Mexican house near Corpus Christi, Tex. Trailer in back yard belongs to another construction worker.

AUTO.PAINTING AND FENDER WOORK

Shack occupied by construction worker and his family near Corpus Christi, Tex.



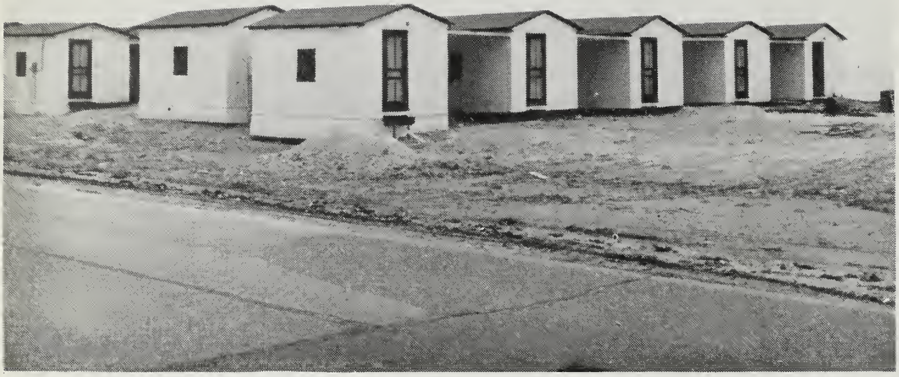
Ten construction workers occupied this tin shack at Camp Livingston, near Alexandria, La. December 1940.



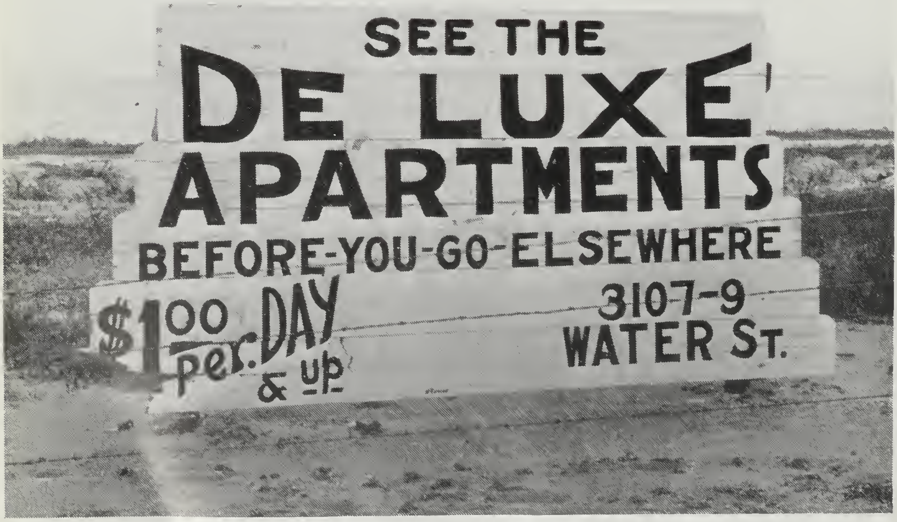
Construction workers at Camp Livingston, La., who sleep in their car and "camp out." Both had worked on other projects before going to Camp Livingston.

Men eating meal supplied by the Salvation Army at Corpus Christi, Tex. At the time this picture was taken, December 1940, there was a surplus of unskilled labor at Corpus Christi and many were stranded.

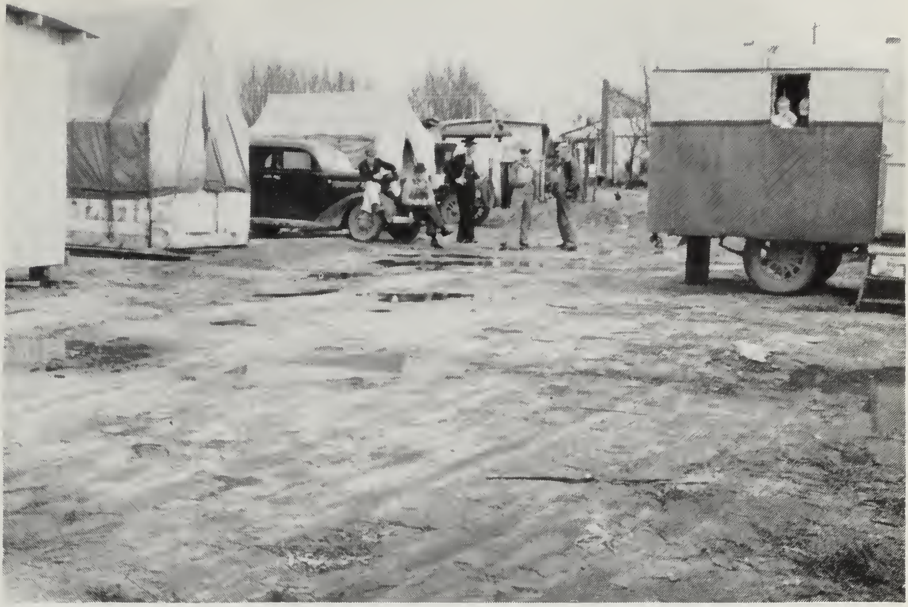
School under construction at North Beach section of Corpus Christi, Tex. The surrounding area was formerly a tourist camp, but now is occupied by defense workers and their families.



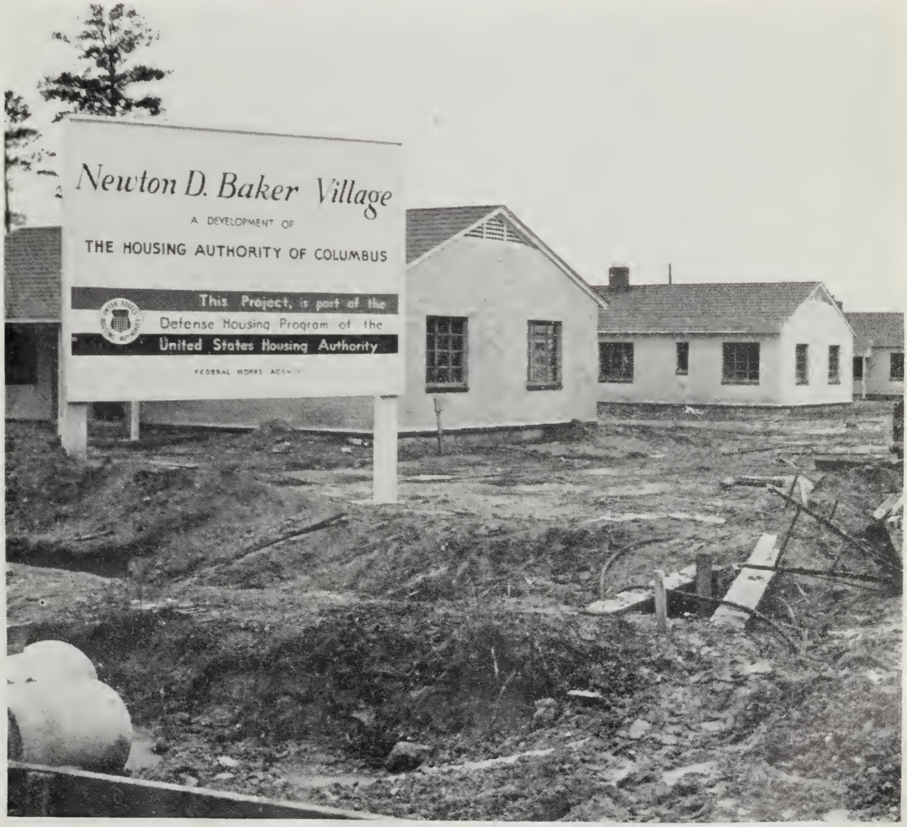
Dollar-a-day "apartments" 3 miles from new Navy air base at Corpus Christi, Tex.


SEE THE
DE LUXE
APARTMENTS
BEFORE-YOU-GO-ELSEWHERE
$1.00 per. DAY & up
3107-9
WATER ST.

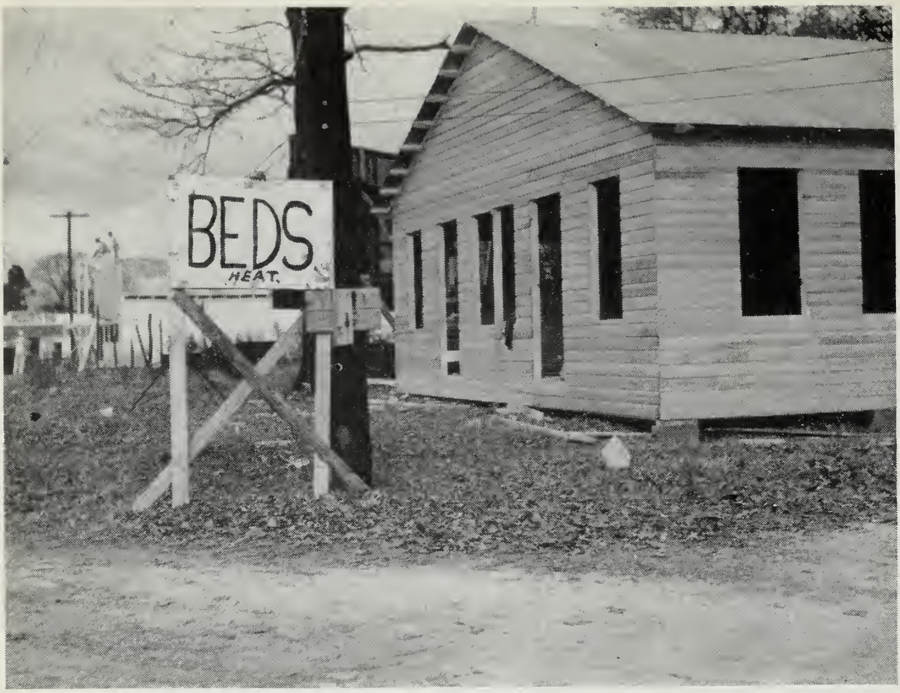
Sign advertising the "De Luxe" apartments (above) for rent to construction workers near Corpus Christi, Tex.



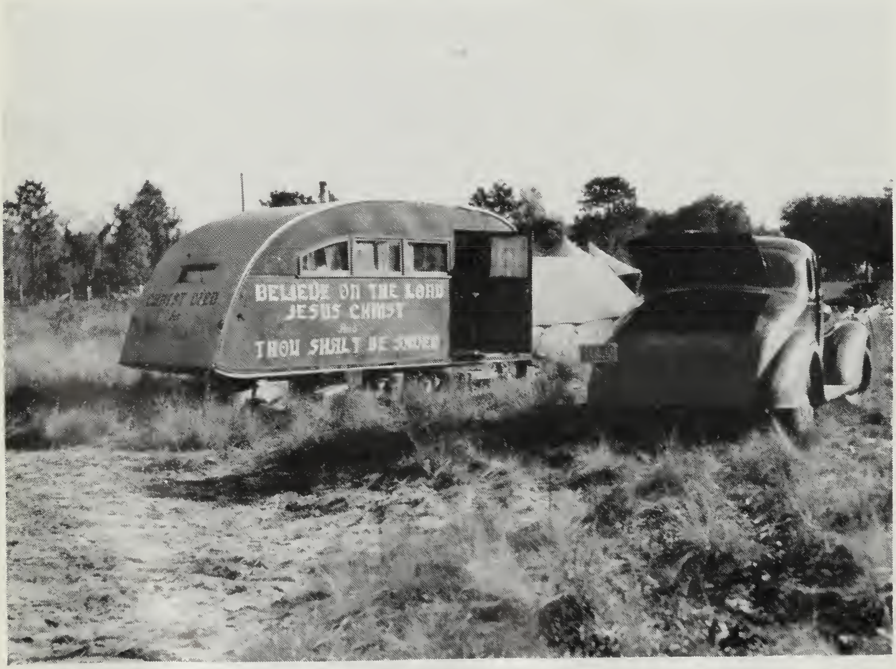
Metal shelters, tents, and trailers house defense construction workers and Army families alike at Fort Benning, Ga. Metal shelters rent for $10 a month; trailer space costs $2 a week.


Newton D. Baker Village
A DEVELOPMENT OF
THE HOUSING AUTHORITY OF COLUMBUS
This Project, is part of the
Defense Housing Program of the
United States Housing Authority
FEDERAL WORKS AGENCY

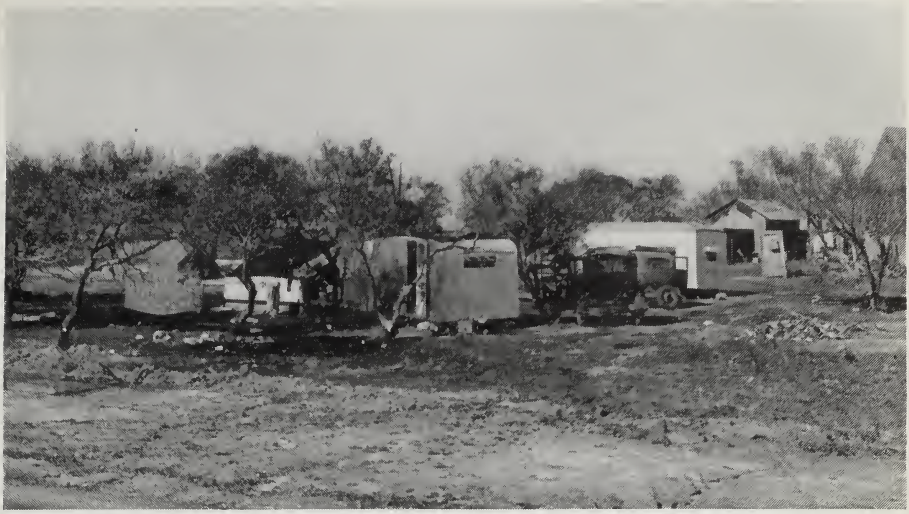
Defense housing project of the Housing Authority of Columbus, Ga., near Fort Benning.



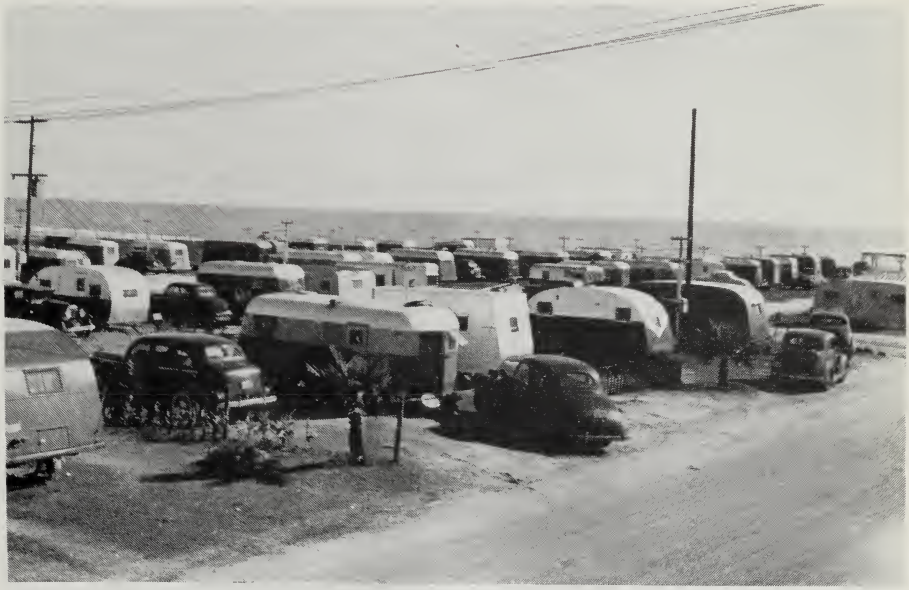
New housing under construction for workmen or Army men near Camp Livingston, Alexandria, La.


CHRIST DIED
BELIEVE ON THE LORD
JESUS CHRIST
And
THOU SHALT BE SAVED

Itinerant preacher from South Carolina migrates to Camp Livingston, near Alexandria, La.



Camp of truck drivers and their families at Corpus Christi, Tex. The drivers are employed at the naval air base now under construction.



Trailer court housing workmen and families at Corpus Christi, Tex., where the men are employed in building a naval air base.

Carpenters and construction workers waiting outside Florida State Employment office at Camp Blanding, Starke, Fla., to apply for jobs.

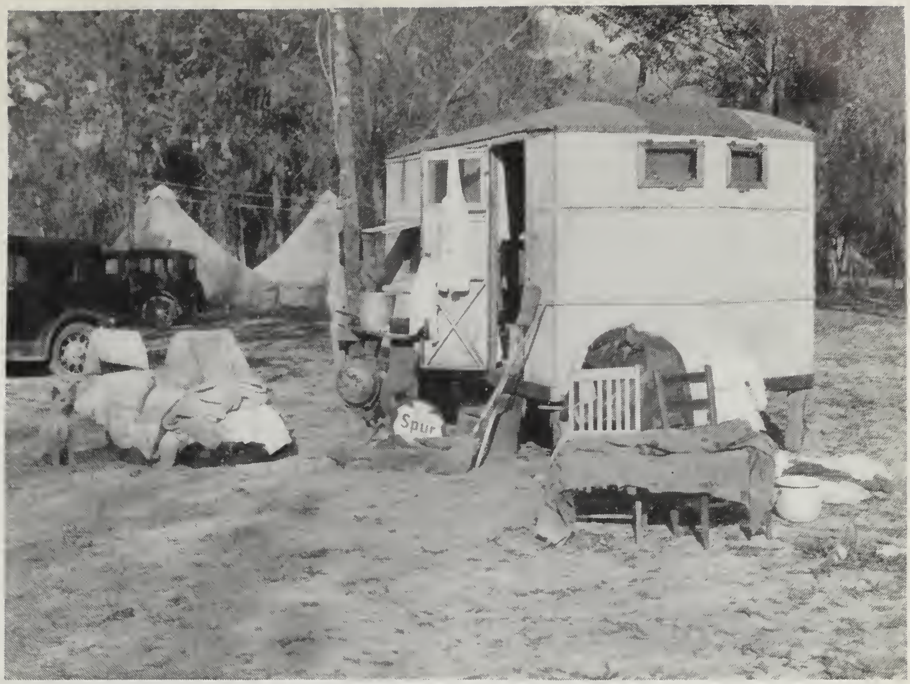
Job applicants at Corpus Christi office of the Texas State Employment Service. At this project there was a surplus of unskilled labor and a shortage of skilled workmen in December 1940.

Concrete worker resting while wife searches through want ads for an apartment. Pacific Beach, Calif., December 1940. Man and wife live in a tent because of high apartment rentals.

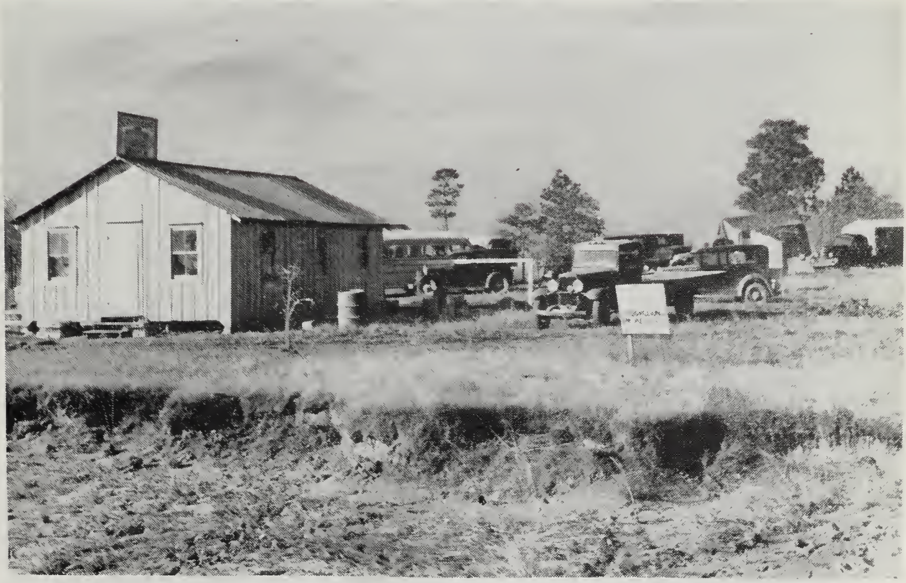
Migrant workman and family in makeshift living quarters at Corpus Christi, Tex. December 1940.

Flophouse of some 37 beds, occupied by workers in relays at 50 cents each. Some of the men were suffering with influenza when the picture was taken. December 1940.

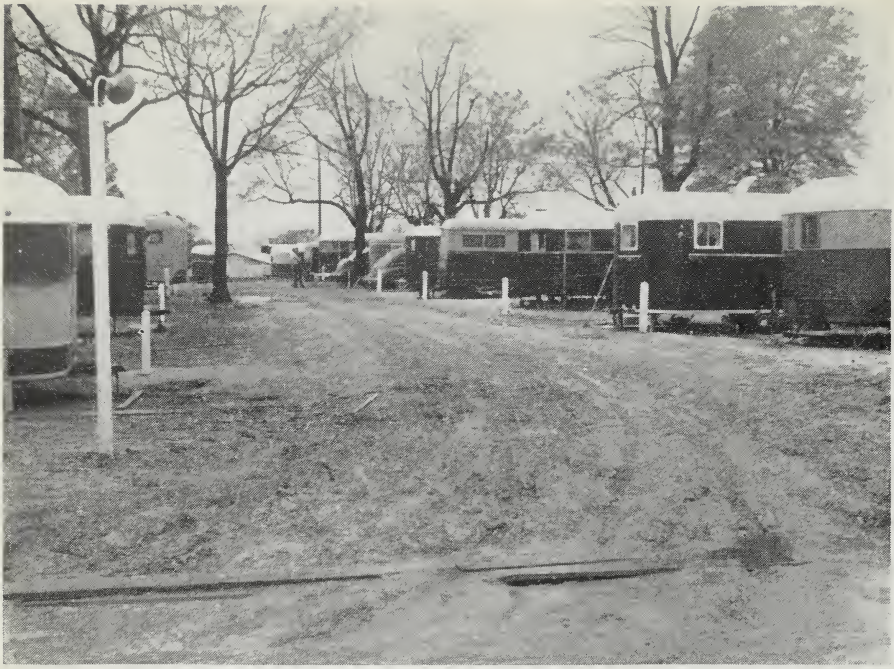
Even though it is winter in this northeastern State, this couple lives in a shack in the woods near a construction project because of a housing shortage in the nearest city.



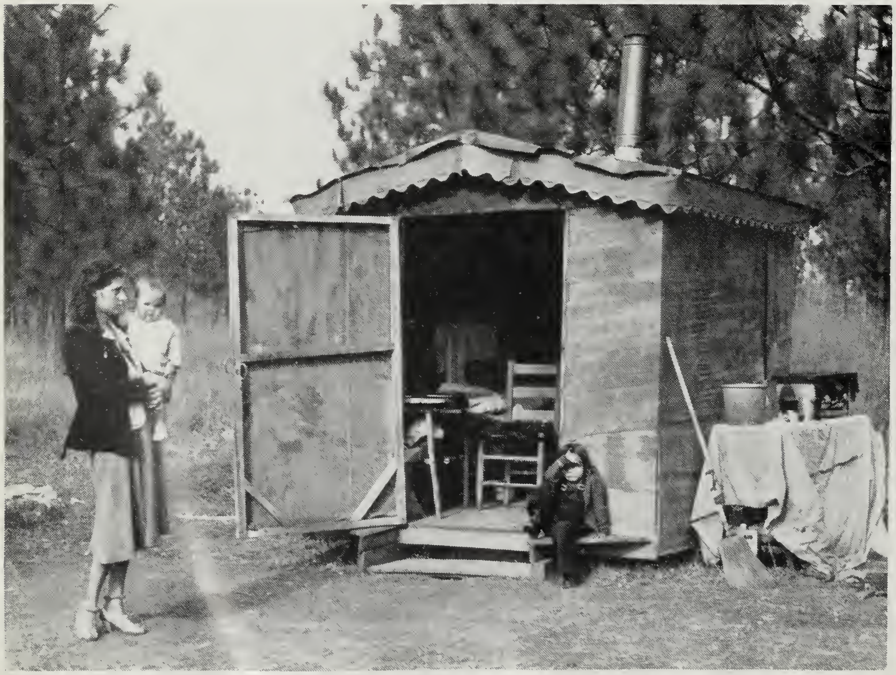
Construction workers drying out bedding and mattresses from their trailer after a week of heavy rains and winds. Near Camp Livingston, La., in December 1940.



Lots advertised for sale near Camp Claiborne, Alexandria, La. In background are workers' restaurant and trailer homes.

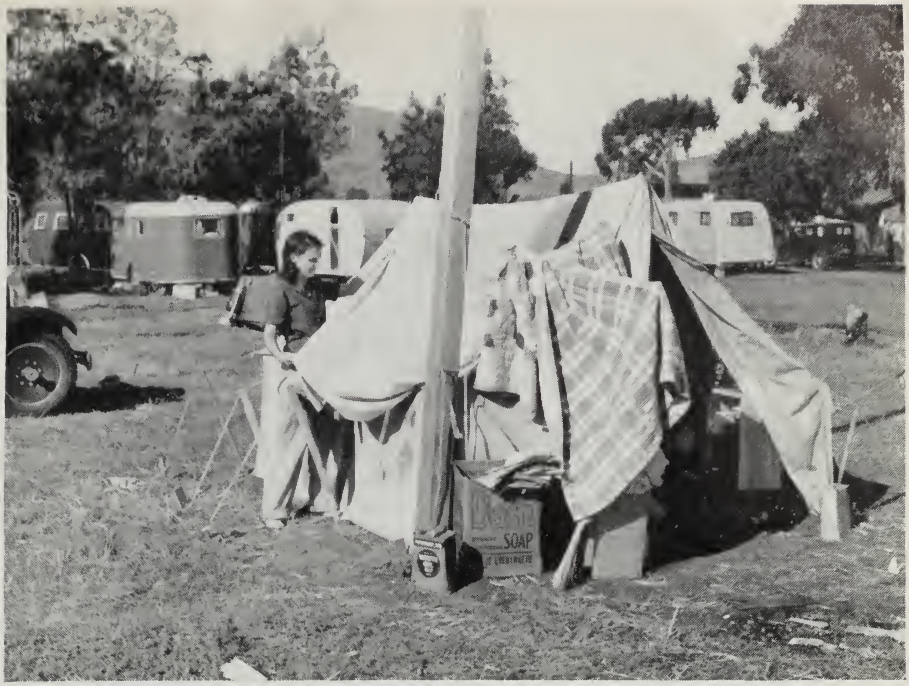


Trailer camp occupied by construction workers and soldiers' families near Camp Livingston, La.

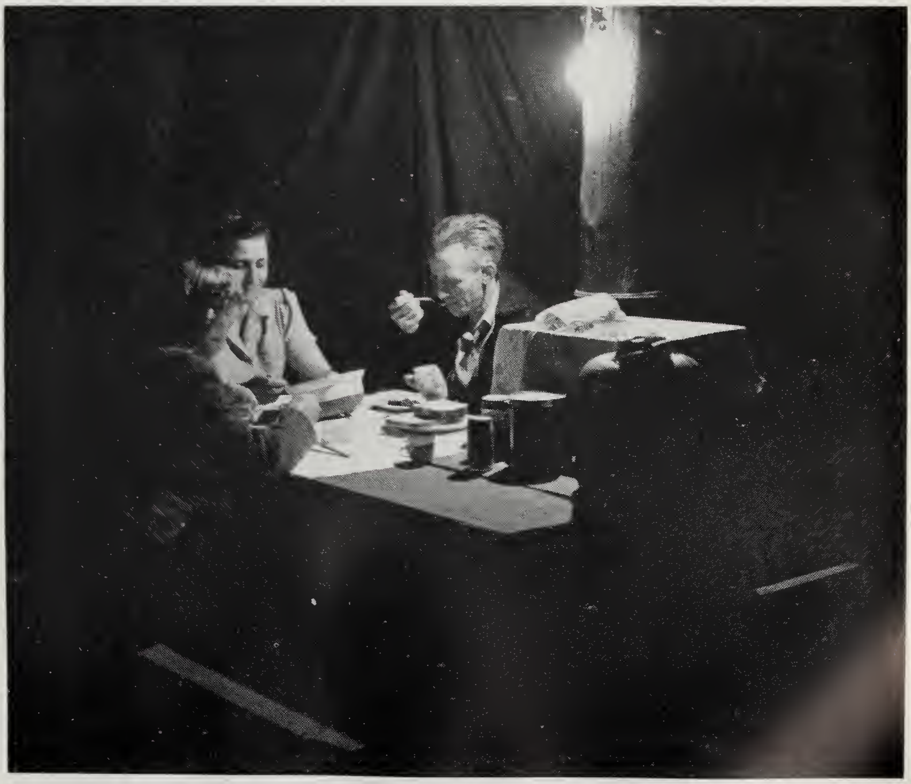


Family and home of a Louisiana farmer who gave up farming to earn more money at construction work in a new Army camp. Much of the man's added income is lost because of higher food and milk prices.

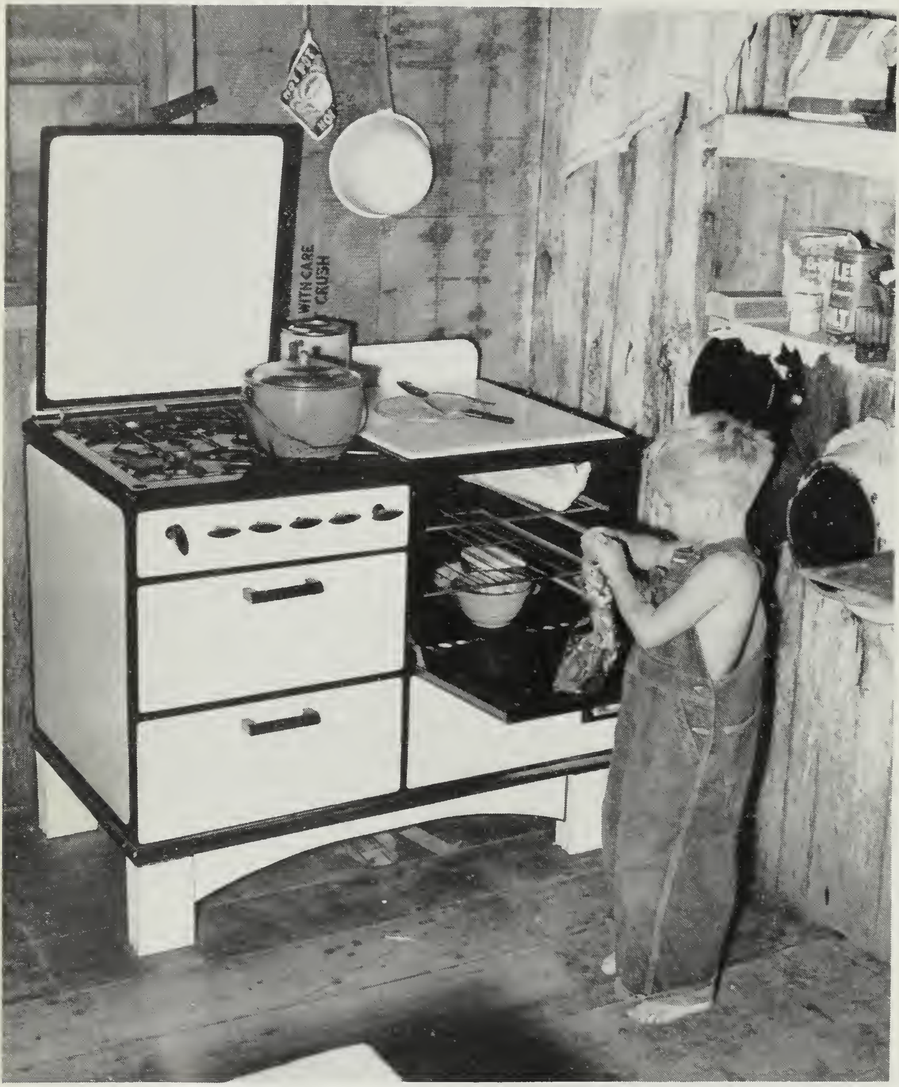
3650-N



Wife of a concrete worker on a defense project drying out blankets made wet by rain the preceding night. Pacific Beach, Calif. December 1940.



This family followed construction work in Texas, Louisiana, Illinois, and Arizona. The husband and father, a carpenter, said, "I know this work spree isn't going to last and I'm not going to give all I make to the landlords." They are now living in their own tent. December 1940.



This construction worker's son is taking ginger cookies out of a stove that cost his father $135. They live in a shack because of inability to find better housing available at Corpus Christi, Tex.

3650–P

Mr. PARSONS. What recommendations does your association have to make for that individual, for the Federal Government and the States to aid that individual you have just described? That is the big problem before this committee.

Miss KAHN. Our association has developed from year to year a platform, so to speak, of principles that we would like to see incorporated into developing legislation not only for this individual but for other groups in need.

ADVOCATES FEDERAL ASSISTANCE

One of the important principles that we are advocting is that assistance should be provided by the Federal Government in cooperation with the States and the localities to meet the needs of people irrespective of such questions as race, creed, color, citizenship, or residence, with the States and the localities to meet the needs of people irrespective of their technical, legal residence in a given community.

I do not know whether that particularly answers your question.

Mr. PARSONS. That is pretty much along the general lines we have had from a number of witnesses who have appeared at different places and especially here. We are a little short of time this afternoon. You said something about desiring the opportunity of filing a paper.

Miss KAHN. We shall be glad to do so.

Mr. PARSONS. We shall be very glad to have you do so if it is in by the 12th of December. That will be next week. I would like, if you will, to incorporate all of your recommendations in that paper, and the committee will be very glad to have them before us and as part of the record.

.Miss KAHN. Thank you.

Mr. PARSONS. If there are no further questions, thank you very much, Miss Kahn.

The next witness is Benjamin C. Marsh, executive secretary of the People's Lobby.

TESTIMONY OF BENJAMIN C. MARSH, EXECUTIVE SECRETARY, THE PEOPLE'S LOBBY, WASHINGTON, D. C.

Mr. PARSONS. State your name and address and whom you represent.

Mr. MARSH. Benjamin C. Marsh, the People's Lobby. I am the executive secretary.

Mr. PARSONS. Do you have a prepared statement?

Mr. MARSH. I want to read a brief statement and cite some figures and make some further comments, if I may.

(The statement is as follows:)

STATEMENT OF BENJAMIN C. MARSH, EXECUTIVE SECRETARY, THE PEOPLE'S LOBBY

There are certainly half a million farm families, and probably three-quarters of a million, who cannot have a decent existence in competitive commercial agriculture, who should be in Government or cooperative farms under careful and tactful supervision.

Early this year Dr. W. W. Alexander, Farm Security Administrator, said: "If we were to attempt to do a complete job, the Farm Security Administration should extend its rehabilitation program to virtually all of the 1,700,000 farm families which have an average annual income of less than $500 a year, including all the produce they grow for themselves."

He added: "America cannot afford to plan only partial solutions, or to be content with palliative measures."

The increase in employment for armaments will not largely affect farm surplus labor, while the need for defense practically closes the export market for farm products, and does not assure sufficient increase in domestic demand to offset this loss, as probably less than half of the unemployed will find work in defense industries before 1942.

Government and cooperative farming to be successful requires reasonable prices for suitable land, fair prices for material and equipment, careful and tactful supervision, and a cooperative spirit among the families.

In 1938, the value of farm lands held by the 26 largest insurance companies was $529,000,000, and from 1932–38 they foreclosed $670,000,000 of farm mortgages.

The Federal Government owns over 260,000,000 acres of land in the Forest Service and Grazing Division, and many States own much farm land acquired through tax sales, and some of all these lands are suitable for such cooperative farming.

Naturally farmers in commercial agriculture, fear competition under present conditions, and most of cooperative farms should be self-sustaining, or exchange products.

Families in such farms would not be compelled to remain, and the young folks would be free to take employment which offers a better financial status if they can get it, or to try farming on their own.

Obviously, such a farm program will not solve our economic chaos, it will mitigate some of its worse impacts.

Uncontrolled finance capitalism has run its course, and the private monopoly dictatorship which we have, though getting a new lease of life through the war, will yield to an intelligent system of production and distribution in the next few years.

TESTIMONY OF BENJAMIN C. MARSH—Resumed

Mr. MARSH. I am executive secretary of the Peoples' Lobby with headquarters here in Washington. I have been here nearly 23 years now, and observed the operations of Congress with interest, and I was going to say, enthusiasm—I will say enlightenment.

Mr. PARSONS. How large an organization is yours?

Mr. MARSH. It is a very small one, about 2,000 members, and five or six hundred subscribers to our monthly bulletin.

Mr. PARSONS. Do they contribute dues for the maintenance of your bureau here?

Mr. MARSH. Yes; we have varying memberships, and they are scattered over about 32 or 33 States. It is not a large organization, but we go on the theory—I think you will accept it—that Congressmen are anxious to consider the merits of any measure as well as how many people say they are for it. It is time we did that, anyhow.

Understand, this is not a partisan statement, because we are in a mess——

Mr. PARSONS. That is the weakness of democracies. The people themselves, constitutionally, at least in theory are the Government, and they speak through constituted representatives. The public does not always know exactly what is best for them and neither does their representative always know.

Mr. MARSH. Do not take this personally, but I sometimes wonder whether I sympathize more with the people or with their representatives. I think you will hardly blame me.

Mr. PARSONS. Thank you for your consideration. You may proceed with your statement.

GOVERNMENT FARMS SUGGESTED

Mr. MARSH. There are certainly half a million farm families, and probably three-quarters of a million, who cannot have a decent existence in competitive commercial agriculture, who should be in Government or cooperative farms, under careful and tactful supervision.

Mr. CURTIS. What do you mean by Government farms?

Mr. MARSH. I mean that the Government in substance extend the work that it is doing under the Farm Security Administration in these resettlement projects. And if I may illustrate—and I am so glad to emphasize this—about 4 or 5 years ago, I had the opportunity of visiting some of them, including the one near Scottsboro, Ala., up in the mountains there; Crossville. Tenn.; and Diaz Colony, in Arkansas; and several others, and I was impressed with what they were achieving. It happened that people near Scottsboro—the Cumberland Plateau, I think they call it——

Mr. SPARKMAN. Skyline Farms now.

Mr. MARSH. They were the best illustration, because they had come from the poorest relief families. They got the land very cheaply through a dummy. They had a genius for a superintendent, and a personnel man, and I was delighted with the difference in the people from what they must have been when they came off the relief rolls, and with their cooperative spirit which they were showing.

So it may be necessary—and I am going to submit with your permission a bill which we had drafted making possible the acquisition under certain conditions of farm land by the Government, either operated directly, as is practically done in the resettlement projects, or through coopertaive farming; or it may be more practical—they thought so when we suggested this bill 2 years ago or a little over—to have the Congress make larger appropriations for the Resettlement Administration, the Farm Security Administration.

But I want to quote several Government officials on this, including the Vice President-Elect, a statement that he made as Secretary of Agriculture.

However, early this year, Dr. W. W. Alexander, the Farm Security Administrator, said:

> If we were to attempt to do a complete job, the Farm Security Administration should extend its rehabilitation program to virtually all of the 1,700,000 farm families which have an average annual income of less than $500 a year, including all the produce they grow for themselves.

He added:

> America cannot afford to plan only partial solutions, or to be content with palliative measures.

The increase in employment for armaments will not largely affect farm surplus labor while the need for defense practically closes the export market for farm products and does not assure sufficient increase in domestic demand to offset this loss, as probably less than half of the unemployed will find work in defense industries before 1942.

May I say, after writing this, I got the release this afternoon of a speech which Dr. Louis H. Bean, counselor of the Bureau of Agricultural Economics, is making at the American Society of Agronomy in Chicago today, in which he says:

> PROBLEM OF SURPLUS FARM LABOR
>
> Instead of rising agricultural exports of the World War period, we now face sharply restricted agricultural exports as the present war spreads. Not more than 3 percent of farm income will be derived this season from exports as compared with 16 percent in the 1920's. Thus, the problem of surplus manpower on farms looms larger than ever in areas normally producing for export, particularly in the South and Middle West.

Dr. Bean is a very careful economist, and doubtless has made a pretty careful estimate of what the exports will amount to.

As I say, the increase in employment for armaments will not largely affect farm surplus labor while the need for defense practically closes the export market for farm products, and does not assure sufficient increase in domestic demand to offset this loss, as probably less than half of the unemployed will find work in defense industries, before 1942, when we will probably hit the peak and have maybe five or six million more employed. That is going to leave us—well, I notice that the American Federation of Labor says that the present unemployed figures are 8,130,000. That was in this morning's papers.

Government and cooperative farming to be successful requires reasonable prices for suitable land, fair prices for material and equipment, careful and tactful supervision, and a cooperative spirit among the families.

Just as an illustration, Secretary Wallace stated in an address in December:

> With full use of mechanical power we can produce our present supplies of farm products with 5,000,000 fewer people living on the land.

I do not need to go into any detail as to what that signifies in the way of the displacement of present farmers.

He further said in his report:

> Illustrative of the human problem involved, it may be said that without letting the production fall below the demand, wheat and cotton combined could get along with 1,500,000 fewer working persons. Present prospects for domestic and foreign takings, with allowance for the possible effects of the war, will not solve it.

That problem still remains. Where are you going to get the land? I admit you are facing a practical problem, and the stress is going to be upon measures which rate as paramount in defense of the country, and pretty large appropriations up to date have been made. I think we are more threatened with bottlenecks in the tool industry and the steel industry than with appropriations. Congress has done its part.

HOW TO GET FARM LAND

Now, I want to make some suggestions as to how to get the land.

In 1938 the value of farm lands held by the 26 largest insurance companies was $529,000,000, and from 1932 to 1938 they foreclosed $670,000,000 of farm mortgages.

The Federal Government owns over 260,000,000 acres of land in the Forest Service and Grazing Division, and many States own much farm land acquired through tax sales, and some of all these lands are suitable for such cooperative farming.

I have discussed this question over the country. Nearly every year I go from here to the coast. I was out this summer and discussed it with farmers in different sections of the country, the farmers who are in commercial production, and they are very much worried over this, and I can understand it.

Suppose these farmers who are now on relief go into producing cotton and wheat and milk and livestock and what not. We cannot sell what we are producing today, and we are responsible for the maintenance of our farms, which, as you know, means taxes and mortgage interest and supplies and what not. Therefore, I make this suggestion. Naturally, farmers in commercial agriculture fear competition under present conditions, and most cooperative farms should be self-sustaining, or they could exchange produce, and so forth.

Families in such farms would not be compelled to remain, and the young folks would be free to take employment which offers a better financial status if they can get it, or try farming on their own.

I am not suggesting that you say to people who are unemployed on the farm, "You cannot leave it." That would be strictly un-American. They should not be compelled to remain. I notice that Mr. Rauch pointed out that they let them take employment wherever they can get it, even if they are on relief—that is, employment in private industry.

Obviously, such a farm program will not solve our economic chaos, but it will mitigate some of its worst impacts.

Now, I am unable to tell this committee—I have not noticed whether it has been brought out before you in your hearings up to date or on your investigations over the country—I do not know what proportion, for instance, of the migratory farmers called Okies who went to California, or the farmers who are drifting back and forth, have lost their farms.

Mr. **Parsons.** We have the record of that; around 60,000 farm units.

Mr. **Marsh.** The foreclosing of mortgages was not the only cause of the migratory workers, if only 60,000 out of the hundreds of thousands who are going without a home are represented by that group.

PRIVATE MONOPOLY DICTATORSHIP

Uncontrolled finance capitalism has run its course, and the private monopoly dictatorship which we have, though getting a new lease of life through the war, will yield to an intelligent system of production and distribution in the next few years.

It seems to me we are in a very serious impasse. If there should be some sudden assured permanent peace tomorrow, the economic system of every major country would collapse. It is all geared to a huge armament program. If we go on for 2 or 3 years more of preparedness without having something very carefully worked out to replace this preparedness program, the collapse will be much worse.

I want to read one more statement from Dr. Bean, to whom I referred and identified earlier. He says:

> If national income reaches $90,000,000,000 in 1942 as compared with 75 billions in 1940, roughly 3 billions more may be spent by consumers for foods, of which farmers may receive about one and a half billion. This moderate gain would yield agriculture as a whole no improvement in its share of the national income and still leave farm income about $2,000,000,000 short of the parity income standard.

Also, he says:

> Any increase in farm income will chiefly benefit the upper 50 percent of the farms which receive 85 percent of the total income, and the lowest third may receive a still smaller share since many of them have been producing for export.

Now, I have several statements here which I would be glad to read to you from testimony of Secretary Wallace and others before committees. But there is one that I want to confine myself to.

Mr. PARSONS. We have had several witnesses from the Department of Agriculture and its various divisions at our other hearings, and probably a great deal of that territory has been covered.

PEOPLE'S LOBBY OFFERS BILL

Mr. MARSH. I do not want to repeat it. I do not know whether these two or three short statements have been presented to you or not. I think you will be interested in the reaction which we got to this suggestion for a Government marketing corporation which is incorporated in the bill which I would like to have made a part of the record, as a suggestion. It is a proposed bill. It has not been introduced. This analysis of the bill and a brief for it was read into the Congressional Record on May 4, 1939, by Mr. Knutson, of Minnesota. But he frankly said that he did so by request and not with any thought that he was in accord on the proposal. I did not want to commit him on that at that early stage.

Mr. PARSONS. Without objection, that may be incorporated in the record here.

(The matter referred to is as follows:)

PUBLIC CONTROL AND OWNERSHIP OF NATURAL RESOURCES—EXTENSION OF REMARKS OF HON. HAROLD KNUTSON, OF MINNESOTA, IN THE HOUSE OF REPRESENTATIVES, THURSDAY, MAY 4, 1939—ANALYSIS AND BRIEF BY THE PEOPLE'S LOBBY, INC.

Mr. KNUTSON. Mr. Speaker, under leave to extend my remarks in the Record, I insert a statement of a proposed plan for public control and ownership of natural resources. I am doing so by request, and not with any thought that I am in accord with the proposal.

I. ANALYSIS OF PROPOSED BILL

The policy of Congress is declared to be "to encourage and promote the public control and ownership of agricultural land and resources in order to prevent absentee private ownership of land, speculation in farm lands, exploitation of farmers, and the subjection to debt burdens of land operated by owners."

The Secretary of Agriculture is authorized to acquire any real property within the United States and its Territories, for the purposes of the act, "by purchase, exercise of the power of eminent domain, or gift."

The total appropriation for the purpose is $250,000,000.

The Secretary is authorized to lease farm lands acquired to bona fide farmers' or other cooperatives on conditions he prescribes and also to operate such farms.

It is stipulated that in acquiring farm lands consideration shall be given to what the average net return of the lands has been during the preceding 10 years, adn what it probably would be should the land remain in private ownership, and that the price paid "shall be, as nearly as possible, what the land would bring in the open market without any Government subsidy on crops, direct or indirect."

* * * * * * *

II. BRIEF FOR EMPOWERING THE SECRETARY OF AGRICULTURE TO ACQUIRE FARM LANDS AND OPERATE OR LEASE THEM

1. *All good farm land has passed into private ownership.*—All good farm land has passed into private ownership and is held for speculative selling prices or profits.

The Department of Agriculture reports that about 100,000,000 acres of land should be withdrawn from cultivation.

In a pamphlet, Saving the Soil, it states:

"Of the 1,907,000,000 acres representing the total area of the country, exclusive of city and water territory, nearly two-thirds is in some degree affected by erosion. * * *

"In terms of money, the direct toll of erosion is estimated at $400,000,000 annually."

In 1929 only about 8,000 farms were classified as large-scale farms—or one one-hundredth percent of all farms—but they paid 11 percent—about one-ninth—of the total farm wage bill.

In 1935 there were 88,662 farms of over 1,000 acres out of 6,812,350 farms.

In 1935, 3,899,091 farms were operated by owners, of which only 3,210,224, less than half of the total, were operated by full-time owners, and 48,104 were operated by managers.

Tenant farmers operated 2,865,155, or 42.1 percent of all farms, and there were 336,802,000 acres in tenant-operated farms, or 54 percent—considerably over half—of all land in farms.

By 1937, Secretary of Agriculture Wallace reports, the number of farm tenants was about 2,565,000, and he commented:

"Not all farm tenants need to be converted into owners in order to give them the necessary security. Cheap land in itself may not be the answer. This country had plenty in the past and gave it away freely under the homestead laws; yet throughout large areas today there are more tenants than owners, and the tenants are very insecure. It is well to aid tenants in becoming owners as funds and opportunities permit, but the problem of giving more security to the remaining tenants must be dealt with in other ways. Land buying, indeed, sometimes causes speculation, excess of debt, and foreclosure, the end result of which is more tenancy. We need a better farm-tenant system and better methods of land loaning."

2. *Government policies are increasing selling prices of farms and rentals, and reducing demands for farm products.*—The Secretary of Agriculture in his annual report for 1938 states that in 1938 the index of the value of farm land per acre for the entire country was 85, compared with 73 in 1933, with the years 1912–14 equaling 100, and makes two comments:

(a) "Important among the current factors in the situation are the present ample supply of credit for land transfers, the prevailing low level of interest rates, and the sharp decline that has taken place in the last decade in the total agricultural indebtedness."

(b) "Many farms still carry indebtedness that is excessive in relation to their earning power.

"Moreover, farm earning power tends frequently to be overestimated, particularly when land values are rising. It makes no difference whether the advance results from an actual increase in current farm earnings, or from a gain in the net income to the farmer as a result of low interest rates. Whatever the cause, farmers tend to capitalize the favorable prospects excessively and to make them the base for an unwieldy superstructure of debt."

He also states: "Rent paid by farmers in the United States to nonfarmers in 1935 is estimated at $699,000,000, in 1936 at $743,000,000, and in 1937 at $829,000,000."

This excludes rentals paid to relatives and to other farmers, and since buildings on rented farms are notoriously poor, it is chiefly rent for farm lands.

In 1929 such rentals were $1,110,000,000.

Higher prices for farm products due to higher costs of production and distribution have curtailed domestic consumption, which the administration seeks to increase by special arrangements for those on relief, and has alo reduced demand abroad.

We exported only about as much wheat in 1938 as in many years before 1932, and about half as much cotton.

The plan for export bounties on farm products won't meet the situation.

3. *Farm program does not raise standards of landless farmers.*—For the current fiscal year, Federal expenditures for agriculture, exclusive of appropriations for the Department of Agriculture, are estimated at $1,092,973,500, of which "aid for tenant farmers" is only $26,800,000, or about 2½ percent.

A small part of the Farm Security Administration and Rural Electrification Administration outlays also seeps through to tenant farmers and sharecroppers.

* * * * * * *

4. *Mechanization on farms militates against tenant farmers.*—Dr. C. Horace Hamilton, in a study "The Social Effects of Recent Trends in Mechanization of Agriculture" by the Texas College of Agriculture and the Mechanical Arts, says:

"It has been estimated that, in 1830, 288 hours of man-labor were required to produce a hundred bushels of wheat on 5 acres of land. By 1930 only 49 man-hours were needed to produce 100 bushels of wheat on 5 acres.

"In the production of corn, the number of man-hours needed to produce 100 bushels dropped from about 180 in 1880 to 104 in 1930.

"In 1930 only 235 man-hours were required to produce a bale of cotton as compared to 285 in 1900, and 304 in 1880.

"The surplus of farm tenants available in Texas has created considerable competition among tenants for places to rent; and, as a result, rental rates are rising. In areas that once followed the straight third-and-fourth share rent systems, cash rents and privilege rents of various types are being used. Pasture land, which tenants formerly received free of rent, now rents frequently for $1 per acre.

"In some areas tenants are being charged cash rent for their dwellings. In many areas from three to six dollars per acre is being charged for land planted in fee crops. On many of these farms the cash rent on the feed lands amounts to more than the income from cotton."

Dr. Hamilton estimates there are between 200,000 and 300,000 cotton pickers.

Mechanization is partly responsible for the fact that about one-seventh of the farms of America produce about one-half of all farm production.

This leaves one-half of farm production for six-sevenths of the farms.

Dr. Paul S. Taylor, in an article in the United States Department of Labor Monthly Review for April 1938, states:

"Between 1930 and 1937, according to the best data available, the number of tractors (on southern farms) increased from 12.2 percent to 18.5 percent of the national total. While tractors increased 23.7 percent in the United States, they increased 87.9 percent in the 10 southern Cotton States."

5. *Present status of farm tenants and farm labor.*—Mr. J. R. Butler, president, Southern Tenant Farmers' Union, describes the status of "more than 10,000,000 human beings" as "enslaved in chains by 'King Cotton,' absolute monarch of America's Southland."

He states:

"During the past 5 years, more than 500,000 sharecropper families—white and colored—have been displaced from their homes, forced into the cities, there to begin futile competition with America's 10,000,000 unemployed, or have accepted the horrible alternative of becoming farm laborers, paid by the day, for working from sunup to dark, at a wage between 50 cents and $1.50."

* * * * * * *

In 1935 the then Resettlement Administration estimated that 630,682 farms, with 91,246,000 acres, presented use problems which "appear to warrant encouragement of a change from crop farming to stock ranching, or to forestry or other conservational use."

Fourteen Southern States had 451,767, or over two-thirds of these farms, with 44,012,000 acres, or nearly half of the acreage.

These States did not include the Dust Bowl nor the big grazing States.

Sharecroppers, tenant farmers, and farm labor are being made the victims of this "economic planning" for the benefit of southern plantation monopolists and their northern avaricious credit brokers.

6. *Present status of Government resettlement projects.*—The Assistant to the Secretary of Agriculture stated January 6, 1939:

"(1) The Farm Security Administration has virtually completed 149 projects which were initiated by the Resettlement Administration or other preceding agencies. This total includes five migratory labor camps and three suburban housing projects known as Greenbelt towns. The remaining projects vary greatly in type. Although no two are quite alike, they all fall within these general classifications:

"(*a*) Full-time farming projects.

"(*b*) Subsistence homestead projects, in which the residents produce most of their food supplies in their own gardens, and earn their principal cash income by working in established industries in nearby cities.

"(*c*) Part-time farming projects, in which the residents earn part of their income by working in industries which have been established at the project site.

"(2) Expenditures on all projects up to November 30, 1938, totaled approximately $102,678,753. The total expenditures for all projects except the suburban communities and the migratory labor camps was $64,461,122.

"(3) Although some of the projects are not yet fully occupied, 49,781 persons, or approximately 10,000 families, were in residence as of December 1, 1938. We regret that we do not have a break-down showing the number of adults and the number of minors resident in our projects. In general, however, the typical families selected for residence included two adults and between two and three children.

"(4) Industrial enterprises have been established, or are being planned for nine of the projects."

* * * * * * *

This is a good beginning, but meets the needs of only about 1 percent of those equally needing a chance.

7. *Reasons for provisions as to payment.*—The admission by the Secretary of Agriculture that Federal payments to landowners for soil conservation, crop benefits, etc.—really a subsidy—has increased the selling price of farm lands shows the necessity for ending the policy of scarcity subsidy, which inures chiefly to the benefit of farm-land owners, as there has been a marked reduction of farm-mortgage debt, as well as interest rates.

Government, representing all the people, cannot maintain class privileges.

Its largesse to farm-land owners was designed to save their productive plant, but does not establish a precedent.

The fact Government has given such salvaging subsidy gives it a prior ethical claim to acquire farm lands for the use of the most helpless of the farm population—on the basis of the selling price of farms without a Government subsidy.

In the early thirties few farms showed a net return.

No net return means no commercial selling price.

Government must not, in fairness to all, buy back what it has created.

Legally title to all land is inalienably vested in the Government—State or Federal.

Refusal to provide Federal subsidies to farmers would insure acquiescence in a rational program of land taxation, and acquisition for the public welfare, at a price not bloated by Treasury grants; that is, by taxes on consumers.

Only Federal subsidies prevents the debacle of agriculture today.

8. *Chief alleged objections and answers.*—First. Taxing all ground rent into State and local treasuries in place of taxes on consumption would make land available for a song and remove the need for such a measure.

This should be done, but would not be enough, because farming can no longer be conducted as an individualistic competitive enterprise, as the growth of farmers' selling and buying cooperatives attests.

Second. The plan would lead to an orgy of speculation in farm lands and the Government would be struck heavily.

The Government will be much more careful about paying high prices for land, when it is to retain title, instead of unloading it on sharecroppers, tenant farmers, and agricultural workers, and making them hold the sack. The Government can refuse to buy high-priced land, and through its grants from the Treasury compel State and local governments to adopt tax systems which will reduce the selling price of good farm lands.

Third. It will ruin farmers' independence.

That has already been done; and the wealthiest farmers, with the highest-priced land, are most dependent upon the Government and getting the biggest cut out of the Treasury, and ultimately the people, by bonuses, soil-conservation payments, tariffs, and county agents' services.

* * * * * * *

9. *Agricultural experts favor general plan of Government and cooperative farming.*—Dr. H. C. Nixon, Birmingham, Ala., executive secretary, Southern Conference for Human Welfare:

"I am in hearty sympathy with the idea of setting up Government farming corporations, with power to operate farms directly or through cooperative societies; in other words, with the idea of providing facilities by which more people can help themselves as producers and consumers on the countryside.

"This is particularly important in the South, where so many people are backed up on the land but where human and physical resources are not adequately harnessed for producing a living or for living.

"The Farm Security Administration program is good as far as it goes, but it does not go far enough."

Dr. J. D. Black, department of economics, Harvard University:

"So far as the proposal relative to farming operations is concerned, I think it would be better to work this out of the F. S. A. by the procedure of amending the act to permit the Government to acquire land and sell it under flexible long-time contracts, preceded by short-term lease periods, as was recommended in the original report on farm tenancy.

"My principal objection to that proposal was that I would make the period during which the contract can be paid completely elastic up to 40 years.

"I would also amend the act to permit experimenting with cooperative farming ventures. I think we must feel our way along with respect to undertakings of this sort. In general, I would expect an arrangement under which each man operating his own farm by large-scale machinery that was owned by a group of farmers cooperating for that purpose would prove more satisfactory.

"I should also like to see the rehabilitation program of the F. S. A. pushed as rapidly as is warranted by the success which it achieves in any given area."

Barry Bingham, president and publisher, and Mark F. Ethridge, vice president and general manager, the Courier-Journal and the Louisville Times, join in the statement:

"You ask our opinion on the value of an expansion of the resettlement program of the Farm Security Administration. It was the sentiment of the Atlanta meeting (of 29 representative southern leaders), as stated in their declaration, to urge the continuation and expansion of this program.

"We personally feel that it is one of the outstanding constructive efforts to which we should devote ourselves in order to obtain any measure of security in the farming regions of our Nation.

"The limited program which has been in operation, as you suggest, barely touches the problem. It has been sufficient to prove, however, the soundness of such a plan, and the overwhelming need for a reconstruction of our American farm life along these lines."

Dr. T. Lynn Smith, director, experimental stations, Louisiana Agricultural and Mechanical College:

"I favor a limited amount of governmental experimentation with large-scale cooperative agricultural ventures. I am particularly concerned, however, that such undertakings be designed in a manner that allocates responsibilities for decisions and failures to the various members of the society. In other words, if all of the thinking is reserved for a few managers of the project, in my estimation the thing has failed before it has started.

"There are problems of land tenure in the South which are very real, but these are similar to tenure problems in other parts of the country. In addition to these the South has the acute problems which arise out of the plantation system due to the fact that the great mass of the agriculturists have no tenure rights, and a few people shoulder all the responsibilities. At the present time the so-called tenancy of the South is blamed for the one-crop system inefficient labor, low returns to the laborers, soil erosion, soil exhaustion, etc. It is interesting to note that prior to the Civil War the institution of slavery received the blame for these.

"Why not saddle the responsibility onto the plantation system where it properly belongs? Perhaps in the future a system of cooperation will be evolved which will overcome the social disadvantages of large-scale agriculture. But so far in the history of the world large-scale agriculture has always resulted in the development of a small selected group of the elite, while the great mass of the population has remained in ignorance and poverty."

Dean Thomas S. Staples, Hendrix College, Conway, Ark.:

"We need to subsidize or finance the marginal and submarginal farmer. It is unwise, to my notion, for us to colonize people from the lowlands, the highlands, and the alleys together in colonies situated in social and geographical areas to which they are not accustomed. To be specific, it is my opinion that it is unwise to bring people from the hills and from the bottoms where they have lived in houses situated far apart and locate them in such projects as the Dyess colony. It is unfair as well as unwise to set up Government farming corporations for a few of the people and subsidize the projects at the expense of other people. I approve in principle agricultural cooperative societies. However, I do not believe in the Government subsidizing them."

Dr. Charles S. Johnson, director, department of social science, Fisk University:

"I believe that in the present situation of the great mass of tenants, in the South notably, the major needs are (a) for security above the rather questionable unique advantage of ownership in fee simple, and (b) for intelligent and dependable guidance in the form of Government services, in the interest of the producers themselves.

"No other arrangement that I can think of can serve both the long-exploited producer at the bottom and at the same time contribute intelligently to the preservation of the soul of the South."

William Mitch, president, district 20, United Mine Workers of America, Birmingham, Ala.:

"It seems to me that it would be well for the Government to give a trial to this experimental proposition of cooperative farming when full facts have been developed in the matter."

The proposal is not to "socialize" or "collectivize" agriculture, but to extend rapidly practical Government ownership of farms, and provision of Government direction and guidance for hundreds of thousands of untrained and impoverished farm families by methods which have already proven their worth.

TESTIMONY OF BENJAMIN C. MARSH—Resumed

Mr. MARSH. You see, I do not agree with the witness early this afternoon, if I understood him correctly, who said, "I hope you just continue your investigation."

I know you have something more practical in mind than just continuing this investigation. You want to make constructive recommendations to the Congress.

We sent a draft of this bill outlining its principles, that were approved by such men as Dr. H. C. Nixon, of Birmingham, Ala., executive secretary of the Southern Conference for Human Welfare; we sent the bill to them and they approved the principles of the bill—Dr. J. D. Black, of the department of economics, Harvard University; Dr. T. Lynn Smith, director, experimental stations, Louisiana Agricultural and Mechanical College; Dean Staples, Hendrix College, Conway, Ark.; and Dr. Charles S. Johnson, director, department social science, Fisk University; and William Mitch, president, District 20, United Mine Workers of America, Birmingham, Ala.

They did not approve the details of the bill. Naturally, I did not ask them to do that, but the principles.

We are going to have some migratory farm labor and other labor almost inevitably. But what we have not faced up with, it seems to me, and what your committee is bound to face up with, is the fact that we have—I have heard Government officials say it privately—at least 1,000,000 if not 1,500,000 surplus farm families under the present economic set-up.

Of course, they are going somewhere else, looking for a job, even if they have not a chance in the world, if they can get the money to do it.

RECOMMENDS LARGE APPROPRIATION

We therefore suggest that either you make a large appropriation—tentatively we suggested quarter of a billion dollars for this—I will not say experiment—for continuing the successful experiment in Government-organized and Government-operated farms, or for cooperative farms, or else make an additional appropriation to the Farm Security Administration of whatever amount you can raise above the present appropriation, so that they can get a large proportion of it; for, as Dr. Alexander or one of his associates stated in a recent hearing, they are just scratching the surface.

Mr. Parsons. Of course, it would take a tremendous amount of money to complete a program such as you have outlined. The Farm Security Administration has helped approximately half a million farm families and is continuing to help them, and will continue to do so in the future, and probably add additional ones to their loan rolls. But it would take a tremendous amount of money to put over such a program. It is possible that upon the cooperative people taking it out of the power of the Government and putting it on the basis of at least semiprivate operation, it might work out.

Mr. Marsh. We have not found any other answer.

Mr. Parsons. With the aid of the Government, perhaps. We are very glad to have your suggestion in that connection, and no doubt you will be able to find someone who will introduce your bill in the next Congress. Of course, if it is, it will be referred to the Agricultural Committee, and you will have an opportunity to explain the details before that committee.

Mr. Marsh. May I make one suggestion? I have been unable to find out how much good farm land is owned by private banks. We have the records on the insurance companies, but I wonder if your committee could ascertain how much farm land the banks and mortgage companies now own through foreclosure, or what the amount of land is that could be taken in, it seems to us at a fairly low price, because there is not going to be the boom in farm lands this time that there was in the last war; because, instead of there being an increase in exports, as I pointed out to you, there is going to be a terrific decrease.

If your committee could do that, it would be very helpful.

Thank you very much.

Mr. Parsons. Thank you.

The committee will stand adjourned until 10 o'clock on Monday.

(Whereupon the committee adjourned, to meet on Monday, December 9, 1940, at 10 a. m.).

INTERSTATE MIGRATION

MONDAY, DECEMBER 9, 1940

House of Representatives,
Select Committee to Investigate the
Interstate Migration of Destitute Citizens,
Washington, D. C.

The committee met at 10 a. m., Hon. John H. Tolan (chairman) presiding.

Present: Representatives John H. Tolan, chairman; Claude V. Parsons; John J. Sparkman; Carl T. Curtis; Frank C. Osmers, Jr.

Also present: Dr. Robert K. Lamb, chief investigator; Henry H. Collins, Jr., coordinator of field hearings; Creekmore Fath and John W. Abbott, field investigators; Ariel E. V. Dunn and Alice M. Tuohy, assistant field investigators; Irene M. Hageman, hearing secretary; Richard S. Blaisdell, editor; Harold D. Cullen, associate editor.

The Chairman. The committee will be in order, please.

The first witness is Mr. Chester G. Shackelton.

TESTIMONY OF CHESTER G. SHACKELTON, BALTIMORE, MD.

Mr. Sparkman. Mr. Shackelton, will you give your name and address to the reporter?

Mr. Shackelton. Chester Shackelton, 12 East Lafayette Street, Baltimore, Md.

Mr. Sparkman. Mr. Shackelton, how old are you?

Mr. Shackelton. I am 22.

Mr. Sparkman. Where were you born?

Mr. Shackelton. I was born in Esbon, Kans.

Mr. Sparkman. Are you married?

Mr. Shackelton. No.

Mr. Sparkman. How much schooling did you have?

Mr. Shackelton. I went through the grade school and 2 years of high school.

Mr. Sparkman. Two years of high school?

Mr. Shackelton. Yes.

Mr. Sparkman. Why did you stop your high-school work?

Mr. Shackelton. I just wanted to work, I guess.

Mr. Sparkman. Did you go to work; did you get a job?

Mr. Shackelton. Yes; working in an elevator in Esbon, Kans.

Mr. Sparkman. Are you working now?

Mr. Shackelton. Yes.

Mr. **Sparkman.** What are you doing?

Mr. **Shackelton.** Working on airplanes.

Mr. **Sparkman.** Where?

Mr. **Shackelton.** At the Glenn L. Martin plant in Baltimore.

Mr. **Sparkman.** How long have you had that job?

Mr. **Shackelton.** Two weeks.

Mr. **Sparkman.** Is it a temporary job; you are not just employed on a temporary basis now?

Mr. **Shackelton.** No.

Mr. **Sparkman.** What is the nature of your work?

Mr. **Shackelton.** I am working on construction of wings.

Mr. **Sparkman.** Are you a skilled worker?

Mr. **Shackelton.** No; just went through school.

Mr. **Sparkman.** What school did you go through?

Mr. **Shackelton.** The Aeronautical Institute in Kansas City.

TEN WEEKS IN AERONAUTICS SCHOOL

Mr. **Sparkman.** How long did you go there?

Mr. **Shackelton.** Ten weeks.

Mr. **Sparkman.** What did it cost you to go there?

Mr. **Shackelton.** $166; that was the tuition.

Mr. **Sparkman.** $166 was the tuition?

Mr. **Shackelton.** Yes.

Mr. **Sparkman.** How did you happen to learn of that school?

Mr. **Shackelton.** Well, I had been thinking about going to some school, some place, and my aunt wanted me to go there.

Mr. **Sparkman.** What is your training; what are you classified as?

Mr. **Shackelton.** Well, I do not know; just do everything that I can.

Mr. **Sparkman.** Are you a mechanic?

Mr. **Shackelton.** Yes; I have worked at it.

Mr. **Sparkman.** Or a helper?

Mr. **Shackelton.** I have worked as a mechanic.

Mr. **Sparkman.** Well, on your present job, what is your classification?

Mr. **Shackelton.** I am classified as a spliner.

Mr. **Sparkman.** What is a spliner?

Mr. **Shackelton.** It is splining up wings, getting them even.

Mr. **Sparkman.** It is a regular job in aeronautical work?

Mr. **Shackelton.** Yes.

Mr. **Sparkman.** You stayed about 6 weeks in the school, did you?

Mr. **Shackelton.** Ten weeks in Kansas City.

Mr. **Sparkman.** Did you pay the whole amount of your tuition yourself?

Mr. **Shackelton.** No.

Mr. **Sparkman.** How was it paid?

Mr. **Shackelton.** My aunt loaned me the money to begin with.

Mr. **Sparkman.** In other words, one of your family paid it?

Mr. **Shackelton.** Yes.

Mr. **Sparkman.** You were not schooled by the Glenn L. Martin concern?

Mr. **Shackelton.** No.

Mr. SPARKMAN. Did you get a job immediately upon finishing your school work?

Mr. SHACKELTON. I would have if I had filled out the application blank right.

Mr. SPARKMAN. In other words, you got it as quick as you applied for it?

Mr. SHACKELTON. Yes.

Mr. SPARKMAN. Did the school require full payment of the tuition before you started training?

Mr. SHACKELTON. No.

Mr. SPARKMAN. How did you pay it?

Mr. SHACKELTON. Paid $50 down and the rest on the installment plan.

Mr. SPARKMAN. Have you finished paying for it all?

Mr. SHACKELTON. No; I am still paying on it.

SCHOOL PROMISED EMPLOYMENT

Mr. SPARKMAN. Did the school promise to get employment for you?

Mr. SHACKELTON. Yes.

Mr. SPARKMAN. And were they instrumental in getting it?

Mr. SHACKELTON. Yes.

Mr. SPARKMAN. In other words, they did put you in touch with the Glenn L. Martin concern?

Mr. SHACKELTON. Well, they told us to write to the factory and get an application blank, and they helped to get the job.

Mr. SPARKMAN. Is the school pretty well filled?

Mr. SHACKELTON. It was when I was there.

Mr. SPARKMAN. That is what I mean; and did you observe that there were a great many young men going to these schools?

Mr. SHACKELTON. Yes.

Mr. SPARKMAN. Do you feel that your work in the school was of special benefit to you?

Mr. SHACKELTON. Yes.

Mr. SPARKMAN. You intend to follow the aviation industry?

Mr. SHACKELTON. Yes.

Mr. SPARKMAN. Did most of those who were in school along at the same time with you get employment with some company?

Mr. SHACKELTON. Yes.

Mr. SPARKMAN. It is your opinion that the attendance at this particular school did give you value for the money that you spent?

Mr. SHACKELTON. Yes.

Mr. SPARKMAN. I believe that is all I wanted to ask.

The CHAIRMAN. Mr. Curtis.

Mr. CURTIS. Where is Esbon, Kans.?

Mr. SHACKELTON. Esbon, Kans., in the north central part of the State.

Mr. CURTIS. What county?

Mr. SHACKELTON. Jewell.

Mr. CURTIS. Jewell County?

Mr. SHACKELTON. Yes.

Mr. Sparkman. How far is that from Superior, Nebr.; not very far?

Mr. Shackelton. No.

Mr. Sparkman. You say you are 22 years old?

Mr. Shackelton. Yes.

Mr. Curtis. Was there any opportunity to secure aviation work in Kansas?

Mr. Shackelton. No; not where we were; the only place was at Wichita.

Mr. Curtis. They were not employing anyone there?

Mr. Shackelton. No; not right then.

Mr. Curtis. Were there many boys from the Great Plains States, such as you were, in Kansas, who were in training in the line you were in?

Mr. Shackelton. Yes; I believe there were.

Mr. Curtis. You say you were in training in Lincoln?

Mr. Shackelton. No; Kansas City.

Mr. Curtis. About how many were enrolled; was it a large enrollment?

Mr. Shackelton. I believe there were about 100.

Mr. Curtis. About 100 enrolled?

Mr. Shackelton. Yes.

APPLY FOR JOBS NEAR HOME

Mr. Curtis. Did most of the boys make application to go east or west, or did they try near their home first?

Mr. Shackelton. Well, a lot of them tried at Wichita; they just sent applications to all factories.

Mr. Curtis. Do you know of any other airplane factories in that group of States, besides Wichita?

Mr. Shackelton. No.

Mr. Curtis. There are not many large ones around there?

Mr. Shackelton. No.

Mr. Curtis. That is all.

Mr. Sparkman. Were you reared on the farm?

Mr. Shackelton. I have lived on the farm, until 7.

Mr. Sparkman. Until 7?

Mr. Shackelton. Yes.

Mr. Sparkman. You mean until you were 7 years of age?

Mr. Shackelton. Yes.

Mr. Sparkman. Have you worked on the farm since?

Mr. Shackelton. Just a little.

Mr. Sparkman. What doing?

Mr. Shackelton. Oh, shocking wheat, shucking corn.

Mr. Sparkman. You had a natural desire for mechanical work?

Mr. Shackelton. Yes.

Mr. Sparkman. I think that is all. Thank you.

TESTIMONY OF LEROY P. WINDHORST, OF WELLS, KANS.

Mr. CURTIS. Will you state your name, please.

Mr. WINDHORST. Leroy P. Windhorst.

Mr. CURTIS. How old are you?

Mr. WINDHORST. Twenty.

Mr. CURTIS. Are you married?

Mr. WINDHORST. No.

Mr. CURTIS. What is your address?

Mr. WINDHORST. Wells, Kans.

Mr. CURTIS. What part of Kansas is it in?

Mr. WINDHORST. It is really in the central part. We are just 30 miles from the geographical center of the United States.

Mr. CURTIS. What is the largest town you are located near?

Mr. WINDHORST. Well, we are 90 miles from Wichita; 90 miles north.

Mr. CURTIS. How far are you from Salina?

Mr. WINDHORST. Twenty-five miles.

Mr. CURTIS. You are north of Salina?

Mr. WINDHORST. Yes.

Mr. CURTIS. What school did you attend?

Mr. WINDHORST. Kansas Wesleyan University.

Mr. CURTIS. How long were you at Kansas Wesleyan?

Mr. WINDHORST. I was there about 4 months.

Mr. CURTIS. When did you graduate from high school?

Mr. WINDHORST. In May of 1938.

Mr. CURTIS. And when did you enroll in Kansas Wesleyan?

Mr. WINDHORST. In September.

Mr. CURTIS. Of 1938?

Mr. WINDHORST. Yes.

Mr. CURTIS. How large a town is Wells?

Mr. WINDHORST. The population is 100.

Mr. CURTIS. One hundred?

Mr. WINDHORST. Yes.

Mr. CURTIS. What is the county seat of that county?

Mr. WINDHORST. Minneapolis.

Mr. CURTIS. Mr. Windhorst, what does your father do?

Mr. WINDHORST. Well, he farms some. He did run a grocery store in that town, but sold out just recently.

Mr. CURTIS. Business is not so good in a town of 100?

Mr. WINDHORST. No; there is too much competition.

Mr. CURTIS. Is your father able to make a living running the farm?

FARMER LIMITED TO RAISING WHEAT

Mr. WINDHORST. Yes; he is doing right well, except he is limited more or less to raising wheat; cannot raise corn.

Mr. CURTIS. How many acres does your father farm, usually?

Mr. WINDHORST. It varies between 300 and 400 acres, depending upon the year.

Mr. CURTIS. Does he own the land?

Mr. WINDHORST. He owns it.

Mr. CURTIS. How much help did he require in running a farm of 400 acres?

Mr. WINDHORST. Well, in seasons when I was home he and I did it; we had a tractor and a combine?

Mr. CURTIS. You did tractor farming?

Mr. WINDHORST. Yes.

Mr. CURTIS. And when your father was engaged in tractor farming did you live out on the farm or live in town?

Mr. WINDHORST. We lived in the little town of Wells.

Mr. CURTIS. How far out of town was it to the farm?

Mr. WINDHORST. Well, it ran from 5 to 15 miles.

Mr. CURTIS. It was not just one piece of land?

Mr. WINDHORST. No.

Mr. CURTIS. How many brothers and sisters do you have?

Mr. WINDHORST. I have two sisters.

Mr. CURTIS. Are they older than you?

Mr. WINDHORST. One is older and one younger.

Mr. CURTIS. Your father still owns the land?

Mr. WINDHORST. Yes.

Mr. CURTIS. Do you like farming or would you rather get into aviation?

Mr. WINDHORST. I do not know; I have been in aviation only very little. I do like farming, but they both have their drawbacks; farming has its drawback and also aviation. I thought I would like to try aviation and if I did not like it I would go back.

Mr. CURTIS. Where did you say you were located now?

Mr. WINDHORST. Glenn L. Martin Co. in Baltimore.

PREFERS KANSAS TO MARYLAND

Mr. CURTIS. Do you like to live in Maryland better than you do in Kansas?

Mr. WINDHORST. No; I cannot say I do.

Mr. CURTIS. You had rather be back in Kansas?

Mr. WINDHORST. I would rather be back there.

Mr. CURTIS. After you left Wesleyan, where did you go?

Mr. WINDHORST. I went back to Wells and worked with my father in the grocery store and helped him on the farm.

Mr. CURTIS. Where did you get your aviation training?

Mr. WINDHORST. At Lincoln, Nebr.

Mr. CURTIS. When did you go to Lincoln?

Mr. WINDHORST. In February, this year.

Mr. CURTIS. How did you happen to decide to go to Lincoln?

Mr. WINDHORST. I just happened to go up there with a friend of mine, and he was going to see about the school, and while we were there I got interested and so I stayed, too.

Mr. CURTIS. What is the name of that school?

Mr. WINDHORST. It is the Lincoln Aeronautical—it goes by two names—the Lincoln Flying School, and the Lincoln Aeronautical Institute.

Mr. CURTIS. What courses do they offer; just flying? Or do they offer other aviation training?

VARIETY OF TRAINING COURSES

Mr. **Windhorst.** There is a great deal of training on the ground and aviation mechanics. There is a 3-month course, and also an 8-week course in sheet metal, and also a 3-month course in sheet metal; and you can also take drafting and engineering.

Mr. **Curtis.** How long has that school been organized; do you know?

Mr. **Windhorst.** I do not know how long it has been organized for a flying school. Before it was a flying school it used to be a tractor school.

Mr. **Curtis.** What course did you take?

Mr. **Windhorst.** I took a sheet-metal course, the 8-weeks' sheet-metal course.

Mr. **Curtis.** You did not take a flying course?

Mr. **Windhorst.** No.

Mr. **Curtis.** That happened to be the town where Charles Lindbergh took his training, did it not? I guess they told you that.

Mr. **Windhorst.** Yes.

Mr. **Curtis.** How many weeks did you say you studied sheet-metal work?

Mr. **Windhorst.** Eight weeks.

Mr. **Curtis.** Now, what did they assign you to when you first went to work; or to school; what did they teach you?

Mr. **Windhorst.** Well, the first week they just put us to cutting out different patterns and different kinds of metal gadgets and for the different things you have to have on planes.

Mr. **Curtis.** How many would there be in a class that you were instructed in when you were cutting out various patterns?

Mr. **Windhorst.** In that sheet-metal class I really do not know.

Mr. **Curtis.** How many in the room at the time the instructor was there; do you recall?

Mr. **Windhorst.** There would be about 100, but with several instructors.

Mr. **Curtis.** Several instructors?

Mr. **Windhorst.** Yes.

Mr. **Curtis.** About how many for that group of boys?

Mr. **Windhorst.** I think there were about 10.

Mr. **Curtis.** About 10 instructors?

Mr. **Windhorst.** Yes.

Mr. **Curtis.** What were you able to do with sheet metal by the time you finished the 8-week course?

Mr. **Windhorst.** Well, we learned to know about how much you could bend the metal; if it is thin, it could be bent into certain shapes, without breaking, and if it is thick, it could not be bent as much. If it is thin and malleable, it would take quite a radius.

Mr. **Curtis.** When you had finished your training, you could do riveting and solder work?

Mr. **Windhorst.** Yes; we could do riveting and soldering.

Mr. **Curtis.** Now, what kind of work do you do at the Martin Co.?

Mr. **Windhorst.** I have been on the final assembly. We have to do some riveting; not so much; it is mostly on the fitting of various parts on the planes, fitting them together.

Mr. Curtis. Do you work under someone else?

Mr. Windhorst. Yes.

Mr. Curtis. There are instructors along with you, seeing how you do the work?

Mr. Windhorst. Yes.

Mr. Curtis. Do you get along all right?

Mr. Windhorst. Get along fairly well.

Mr. Curtis. Do you feel you are mechanically inclined?

Mr. Windhorst. Yes: I do. I have been around threshers, tractors, and things of that kind all my life.

Mr. Curtis. Where did you say you went to high school?

Mr. Windhorst. In Minneapolis, Kans.

Mr. Curtis. Did you take any kind of shop or any metal work?

Mr. Windhorst. I spent my freshman year, the first year I spent at that kind of study, and I had some woodworking training, but, of course, the work was not very extensive; it was just a small town.

Mr. Curtis. How did you happen to come east to get work after you had completed your training?

WESTERN AIRPLANE PLANTS FILLED

Mr. Windhorst. Well, the West seemed to have been pretty well filled at that time, because there were so many people who went out there because of lack of work.

Mr. Curtis. In speaking of the West, you mean the west coast?

Mr. Windhorst. Yes.

Mr. Curtis. How did it happen you did not stay where you were?

Mr. Windhorst. Well, the only place offering work in aviation was at Wichita and they did not have a demand for men right at that time.

Mr. Curtis. You say you graduated from high school in 1938?

Mr. Windhorst. Yes.

Mr. Curtis. Were most of the boys that you were acquainted with in high school employed; have they found work around in their locality where you went to high school?

Mr. Windhorst. Well, a part of them are still there, and a part of them got some work in that locality; some of them are in the Navy; some are in the Army; they are just scattered around.

Mr. Curtis. Do they all have jobs?

Mr. Windhorst. Well, practically all of them, the biggest portion.

Mr. Curtis. What sort of jobs do they have?

Mr. Windhorst. Well, some of them have work on the farm with their fathers, or maybe they have gotten married and have moved on to a place themselves.

Mr. Curtis. Those that were interested in mechanical lines: Have they been able to stay around there?

Mr. Windhorst. No; I do not think so many of them have been able to get anything in that line, nothing in aviation work at all, there are only just two or three of us that I know of that are in that.

Mr. Curtis. Most of the boys were able to get work who attended this Lincoln school, were they?

Mr. WINDHORST. Yes; I do not know of anyone who has not gotten work after going there.

Mr. CURTIS. There seemed to be an opportunity for the boys who took training in mechanics?

Mr. WINDHORST. Yes.

Mr. CURTIS. But there are no opportunities in Kansas and Nebraska or the Great Plains States along those lines?

Mr. WINDHORST. No; there is not right now. There will be after they get through building, and they are doing some building there now. There are one or two plants in Wichita, Kans., and there is a plant being moved from Columbus, Ohio, down there. There is also one in Dallas, Tex., where they are building a big plant. That will be finished, I imagine, in about 6 months, and there will be work.

Mr. CURTIS. Have you done any flying yourself?

Mr. WINDHORST. No.

Mr. CURTIS. Where would you rather live, Maryland or back out in Kansas?

Mr. WINDHORST. I would rather live there.

Mr. CURTIS. Rather get back to Kansas?

Mr. WINDHORST. Yes.

Mr. CURTIS. You are in favor then of further development of the aviation industry and other such industries in that area?

Mr. WINDHORST. Yes; I think there is an opportunity for it there.

Mr. CURTIS. I have no further questions.

The CHAIRMAN. Thank you very much.

Mr. WINDHORST. Thank you.

TESTIMONY OF BORIS SHISHKIN, DIRECTOR OF RESEARCH, AMERICAN FEDERATION OF LABOR, WASHINGTON, D. C.

The CHAIRMAN. Please state your full name and the capacity in which you appear, Mr. Shishkin.

Mr. SHISHKIN. Boris Shishkin, economist, American Federation of Labor, Washington, D. C.

The CHAIRMAN. I understand that it was the desire of President Green to appear before this committee in person but that he was called out of the city.

Mr. SHISHKIN. That is right, sir. I want to call attention at the outset to the fact that President Green personally has requested the American Federation of Labor to devote a great deal of attention to this subject, and President Green himself has done a great deal to initiate the study of it and to secure reports from affiliated organizations, as the interest was indicated by a great deal of discussion that took place at the last convention of the federation. But, unfortunately, just having returned from the convention and because of the demands of other organizations, it was absolutely impossible for President Green to be here today and he requested me to convey to you his very sincere regret that he was not able to appear.

The CHAIRMAN. Mr. Shishkin, I have read your statement and I think you have a very valuable contribution for the records of this committee. Now, possibly you do not want to read the entire statement which you have submitted to us, and I suggest that you bring out the points that you desire and the committee will ask you some questions at the conclusion. You can just proceed in your own way at this time.

Mr. Shishkin. Thank you, Mr. Chairman. I would like to read some parts of the statement and expand on several points touched upon, particularly those contained in the recommendations. [Reading:]

DEFENSE AGAINST INSECURITY

> Migratory workers and their families are refugees from insecurity. They must be given priority of consideration in the planning of national defense and in making provision for readjustment at the end of the emergency.
>
> Defense in terms of military strength is paramount. But what will it profit the American people to throw an impregnable defense around their borders and at the same time face defeat in the internal fight against unemployment, privation, and insecurity? An essential part of our defense problem, therefore, is to plan and build in such a way that the sources of employment could never run dry as they have done in the past, that a constant supply of productive activity is made available to each area and community, thus making possible deep-rooted, stable growth of a strong and healthy Nation.

In approaching the problem of migratory labor, and our interest, the interest of organized labor, is equally divided between the problems faced by the agricultural workers, those engaged in processing, industrial processing of agricultural products, which is a very seasonal industry and one which gives rise to a great deal of migratory labor, and that of industry in general, and particularly the migratory problem which has been brought about by the current development in connection with national defense.

It may be pointed out, and I think several witnesses have made and emphasized the point that migratory labor as such is necessary in our present set-up in our economic organization today; that is, has been the normal thing and has been the best thing for American life from the beginning, but it should also be pointed out that the migratory labor that we know today is primarily the product of economic pressure, it is a product of the destitution which affects the lower-income groups that are brought down to a low margin under our system.

There have been a number of basic developments that have taken place in this country coincident with the development of our immigration and growth. That is evidenced by the fact that in the past the family system of production existed throughout the country in going into frontier fields. Families now have gotten much smaller, there is not the same economic unit to be found at this time, and as has been pointed out, that has taken place within the past 25 years.

Because of the development in this direction, it is easier now for men and women to take up their household effects and move on. That is due partly because we have better methods to get around. Where it used to take 10 days to travel in order to get some place, across the wide expanse, it now only takes 1 day.

But we do have the problem that in its entirety according to some reports—and it is almost impossible to estimate the figures, and perhaps the social-security figures furnish the soundest basis—that some

4,000,000 persons are now annually migrating, and that does not take into account the commuters across State lines.

There is a tremendous part of our population that is shifting and which should have an opportunity to become rooted in the regular framework of community life. And in that connection I also want to say that those who are on the move under those pressures are not unlike those who were under the pressure in the frontier days, which has characterized American life, and we do not have the frontiers that existed in our early days. But we do have frontiers: We have frontiers that are just as significant, economic frontiers, which are to be found within our own borders and which enables us to supply the source of employment in economic fields, and increase the purchasing power, and in our own groups of workers, in these economic areas, are the frontiers in which we have the greatest room for expansion. And, I believe in the solution of the problem we still have a great way to go yet. [Reading:]

> Men, women, and children forced to take to the road in their search for jobs and homes and in their struggle to survive, represent an enormous waste of our human resources and a drain upon the health and vitality of the Nation. In the past few years we have done much in the field of soil and forest conservation, but we have not done enough to assure conservation of human lives from the blight of unemployment, of economic shifts and instability.
>
> These millions of people, forced to search for new homes and new jobs, are so near the ragged edge—with total annual earnings ranging between around $300 and $700 per family—that the slightest set-back or misfortune is certain to push them into utter destitution.

And, some of the reports show an income of as low as $100. But on these reports—and I must say that the Tolan committee has brought together and amassed an amount of valuable information on this most difficult subject, with which to make the study that we now have before us, so we have a pretty well rounded out idea of what is an essentially human problem of the family in this economic period, that has to be shouldered by thousands of families. [Reading:]

> ### DEFENSE PRODUCTION STRAINS RESOURCES
>
> To the plain public duty of remedying these conditions and of removing their causes is now added another imperative and pressing requirement. Defense organization and defense production will strain to the limit the resources of the American people. The defense needs place upon our Congress and our Government an exacting duty to make, in a democratic way, an urgent and adequate provision of remedies and facilities to end the idle ebb and flow of unemployed job seekers and to direct it into channels of normal productive activity.

And, I believe that the organization of facts concerning employment, to provide information telling people where to go, a provision for making explicit the information secured from employers as to the possible opportunities that may be offered may assist a great deal in the solution of the immediate task, that is the practical problem confronting us today, and the possibility of a workable solution in the near future. [Reading:]

> A further problem, one which in time will prove to be the most important of all, is also extremely vital in connection with migratory labor and defense. The American Federation of Labor calls upon Congress to focus its attention

upon this problem now. It is the problem of the aftermath, with which we will be faced following the defense activities.

How soon we will see it end it is difficult to foretell, but it may end very soon, it may happen over a period of 2 years, 3 years, or 5 years, but when the day comes it will come so suddenly that American industry and labor will not know what hit it. And to sit by and make no provision for it now will mean it will be most too late then. We have got to begin now to plan and provide for the greatest crisis which, I believe, America faces, and that crisis is the aftermath, following the emergency, one of readjustment. [Reading:]

> While much migration of industrial labor is now taking place due to expansion, redistribution, and reallocation of defense production, the time is not so far removed when defense activity will be discontinued. At that time labor foresees a crucial test of our ability as a democratic people to assure unbroken continuity in our ways and methods of production and of our standards of work and living.
>
> When the time comes new currents of labor migration are bound to be set off. There will be return flows of migration, new stranded groups of workers, new ghost towns, new distressed areas—unless immediate provision against these things in every phase of the defense program is made. No matter how urgent the problem, whether it is one of defense housing or defense production capacity, the action needed is never too urgent to prevent its being tested in terms of our post-emergency requirements.

I believe that the Defense Commission and several Government agencies have taken specific action concerning this problem, against the day of what will happen following the emergency, when the date arrives, when we will have to go back to normalcy. [Reading:]

PEACETIME EMPLOYMENT PROBLEMS

> But, in addition, study and planning must be begun now of the needs and conditions of the days we are approaching with deadly certainty. To what productive peacetime use can be put the costly equipment and machinery now being installed to make warcraft, shells, tanks, and guns? To what peacetime use can be put the skills of thousands of workers who are now being trained for defense production? Are the billions now being spent for defense production to be used for factories and equipment which can be given full utilization in normal peacetime production, or is this vast new productive establishment condemned to become an abandoned skeleton and a silent monument to our intense but improvident effort? Are the men and women workers now being given intensive training and now being urged to achieve the utmost in their technical ability to be given an opportunity to make a full contribution to the peacetime production of the Nation, or are they to be thrown back upon the scrap heap of unemployed for whom private industry has no further use?

From the standpoint of ordinary living, this problem of bringing into industry large reserves of workers who had training before, who have had to learn some different kind of training, but who have now been retrained, and who have to be trained in some skilled work for some particular job, is, of course, a most serious one. The rate of accession, as reflected in the unemployment figures, is about 500,000 workers a month. A half million workers are being brought into industry. Just what the future trend of that rate might be is difficult to foresee, but probably it will remain approximately the same; unemployment will be reduced at about that rate. The question is: Are they being trained for specific productive industry? Will they fit in, and to what extent will they fit in peacetime production—if they are being trained for work that is still temporary, if their employment is, you might say, like that on cantonments which may be used temporarily for housing the Army and then be put into disuse or reduced to dilapidated structures? [Reading:]

> As a people we can give constructive and positive answers to these questions only if, without a moment's delay, we go to work on the complex problems underlying them. Only when we are fully equipped with facts and understanding of every implication of the problems shall we be able to forestall a post-emergency crisis through equitable and democratic methods without having to resort to compulsion and regimentation.

I want to say, as we face a problem which I believe is an extremely important one, that much of the interstate labor migration today may be termed blind migration. Workers and their families travel hundreds and thousands of miles, placing their faith of finding employment on a vague rumor or deliberately false report greatly exaggerating the employment needs which often do not exist at all. It is of primary importance, therefore, to assure visibility of employment opportunities.

I think that one way to approach the problem—there is one solution that is a practical one—should be to attempt to provide advance job inventories. We have a number of employment agencies; we can call on the local employment service, the State local employment service, and the Federal Employment Service and coordinate the efforts of these organizations. But one of the most important things is to provide advance job inventories, and to provide advance information on the prospective employment opportunities, and industry cooperating with these organizations will be able to arrive at a sound and effective basis for the placement of workers on jobs.

MISLEADING INFORMATION DISTRIBUTED

We have had the maximum movement of industrial workers as well as agricultural workers, based on the recommendation or reports of a few workers needed, that have traveled a long distance from the point of origin, assuming an increased economic problem. We have seen that happen repeatedly, time and time again. It happened in Detroit in 1933 and 1934, where thousands, hundreds of thousands, of workers moved into Detroit when one of the factories was opening, increasing a difficult problem which the community already was confronted with. Sometimes this has been the result of employers taking advantage of the number of people unemployed throughout the country; and at other times the result of employment agencies. And in fairness I must say also sometimes it has been done by some of the agencies of the Federal Government charged with the responsibility of defense. One of the instances of extreme importance is illustrated in the Frankfort Arsenal, near Philadelphia, where there was an opportunity for 200 skilled workers, and the reports were made, statements were made officially that there were 2,000 workers needed. They came from surrounding States and only 1 out of 20 workers were hired.

That was a tremendous waste of time and expense for people who are employed, who secure temporary jobs, and who come back disillusioned.

Then there is the practice of bidding for a particular type of skilled workman. In some of the navy yards the practice has occurred of calling for first-class mechanics when the job that is actually being done represents a third-class mechanics pay. The reason is that a lower skill is being offered than the first-class mechanic commands, and when the first-class mechanic ascertains the rate that is to be paid he finds he is no better off, or perhaps worse off than he was in the community from which he comes.

Now statements have been made to the effect there is a labor shortage of skilled laborers. There is not a labor shortage, but if in the defense program such practice is followed and first-class skilled mechanics are taken, of course, that reduces the number available. And this program should be undertaken as promptly as possible in cooperation with organized labor and the industries.

The American Federation of Labor is ready to offer any facility not only of the national organization but also of the State federations of labor, the Central Labor Union, in securing men who have been trained over long periods of years, in working out this problem. I feel sure that they all realize the long-range problem and am also sure they will cooperate to the fullest extent in reducing labor migration.

Another remedy which I believe is imperative is one to which I have given a great deal of thought as a member of the Department of Labor Committee on Private Employment Agencies, which has studied the problem over a period of months during this year, and has reached some conclusion and has some recommendations to make, to submit to the Congress. I do not want to go into details of the specific recommendations that will be made by the Division of Labor concerning the legislation, but I do want to develop the thought which I think can be of use to this committee in its recommendations.

RECOMMENDATION OF FEDERAL LICENSING

One of the recommendations is to provide for [reading]:

> Federal licensing of all private employment agencies and agencies operating across the State lines, for the purpose of preventing fraudulent misrepresentation of job opportunities, usurious fees, and all other illicit and speculative traffic in human labor, as well as regulation of interstate job advertising, which would put an end to many vicious practices by labor contractors, employment agents, and unscrupulous employers, practices which perpetuate migration and suffering of the unemployed workers.

As an illustration, a few days ago there was an advertisement run by an employer in Tennessee. The advertisement appeared in Baltimore, Washington, and Atlanta, and other States in the South and Middle West. The advertisement was for a number of plumbers. Of course, the reaction on the part of the people in each community will be to travel a great distance to seek some sort of a job.

Now, that illustrates the type of abuse in interstate commerce which the Congress has the power to stop and it should be stopped. Private employment agencies have been fleecing not only the poor migrant workers, but also fleecing employers, in demanding exorbitant fees. I believe a regulation of this sort, a regulation that need not be detailed a great deal, will be sufficient to accomplish a great deal and stop the unnecessary flow of labor migration. [Reading:]

> No preventive remedies can be effective unless the economic pressure forcing migration is removed. Reducing inequities in income by increasing the purchasing power of low-income workers is fundamental if the goal is to be achieved. Extension of coverage of the minimum-wage and maximum-hour standards of the wage-and-hour law and extension of safeguards of collective bargaining rights to workers now excluded from protection against substandard labor conditions and unfair labor practices are strongly urged by labor as bringing into operation long-range stabilizing forces.

There is another phase of the problem I want to touch upon which I believe is important in this connection. There has been a tendency during the past 2 years, a tremendous effort, for exemption from coverage over the labor legislation of workers engaged in industrial production, in processing of the products that have to do with agricultural commodities.

In dealing with this problem, those who have actually studied it, and looked at the facts and looked at the source of pressure for the exemptions, discovered that the public impression was made widespread that this had to do with agricultural work and that their employees in packing houses and canneries and in all phases of processing of agricultural products are engaged in industrial operations; they are not in agricultural work, and the exemption is not justified; the exemption is not one which comes within the intent of the Fair Labor Standards Act of 1938, and the investigation showed there was no evidence to bear out the contention; and there was no justification for the exemption.

EXEMPTIONS UNDER FAIR LABOR STANDARDS ACT

In the act there are two sets of exemptions, one for seasonal operations and one for perishable products. They are all for 14 weeks. In the ruling of the Wage and Hour Division that has granted an exemption possible to apply consecutively. If you have one 14 weeks' exemption in one section and another 14 weeks' exemption in another section, and if you apply that to different projects in the same plants, the workers may have no maximum hours. If there is a week seasonal element and all the work is put into one short space of time that means one worker is employed long hours, up to 70, and in some instances 78 or 80 hours, and unemployed the rest of the time, and he is given an opportunity to find another job, but he deprives another worker of the opportunity of employment there.

It is very important to provide basic standards and to have the minimum wage and maximum hours provision of the act extended to all these classes of workers. Extension of workmen's compensation coverage to temporary and casual workers, and to employments now excluded, is very necessary. [Reading:]

> Undoubtedly, the most outstanding means of stabilizing residence in a community for low-income workers and in reducing pressure to migrate is the

provision of housing, rural as well as urban, under the programs of the United States Housing Authority and Farm Security Administration.

Continuation and expansion of the program of the local housing authorities organized in some 500 communities under the United States Housing Act can do more than any single undertaking in providing good homes and making possible normal family life to millions of workers' families.

With the aid and guidance of the Department of Agriculture, the rural housing programs of the United States Housing Act provides good housing at minimum rents on the farms, making eventual home ownership possible. This program has been enthusiastically received by farm owners and tenant farmers alike in such States as Georgia and South Carolina, where it has already been inaugurated. This practical program reaching and giving assistance to our lowest income farmers and providing for decent but simple housing for their families must be assured continuation through the authorization of additional funds under the United States Housing Act.

WOULD CONTINUE FARM SECURITY ADMINISTRATION CAMP PROGRAM

To meet the most immediate needs of workers who have already become migrants, the American Federation of Labor has successfully urged adequate appropriations of the continuation of the migratory labor camps program of the Farm Security Administration. This program which is so necessary to meet the requirements of migrant workers and which has done so much to alleviate the suffering of migratory farm families should be further expanded.

In addition, the American Federation of Labor has also offered strong opposition to the proposed curtailment of the farm tenant purchase program. This program, authorized by the Bankhead-Jones Act, during the first 2 years of its operation made available $35,000,000 for tenant purchase of farm land, including $6,500,000 spent for construction of rural housing under the plan. It is very simple construction.

Many thousands of farmers, sharecroppers and their families, who have been forced off the land during the past decade, turned into migrants, drifting from one part of the country into another and from city to city in search of jobs and in hope of economic security.

The Bankhead-Jones program, by making available loans for farm purchase of tenants, has proved most effective in checking this trend, by anchoring farm families on the land it becomes possible for them to own and cultivate, and by making provision for the construction of simple but adequate homes in good repair.

There are several other phases I should like to cover, many of which have been covered in detail already.

In addition to housing, provision should be made for health and medical care of the families of migratory workers. There are many phases of public assistance which if extended and properly and uniformly administered would provide not only relief to migratory labor but also remedy of the conditions which perpetuate it. Such a program should be provided as a matter of relief also to the extent to which the migratory labor problem represents continuance of the difficulty. Provision particularly to take care of the children of migratory workers and to make sure that those children will have proper medical care are particularly important in the matter of health because those who may be infected with disease may not be able to secure a remedy to cure that disease because they are migrants and because they have no means of getting direct health protection when they are roaming around the country and are liable to spread disease in a community.

AMERICAN FEDERATION OF LABOR BACKS GRANTS-IN-AID

The American Federation of Labor suggests that to this end your committee recommend to Congress a Federal program of grants-in-aid to States and of uniform State standards of assistance which would make it possible to deal with the problem nationally. Most communities left to cope with the problem single-handed and relying upon their resources alone can find no real solution.

As the result a wall of resistance laws is being erected in the cities, counties, and States to ward off the indigent migrants, to conserve expenditures, and to fence off the established residences of the community by thick barbed wire of resident requirements and other protective measures. An individual community or State, dealing with the problem unaided and realizing its inability to find even a partial remedy tends to take defensive rather than remedial measures and to ward off rather than to aid.

It may be that one State will work out a possible program under present conditions that will not solve the problem.

Mr. **Parsons.** You would not recommend the abolition of settlement laws?

Mr. **Shishkin.** I believe a recommendation to provide for dealing with settlement laws and to bring all States to the same basis would be a very urgent measure to take care of that.

Mr. **Parsons.** You would not recommend a complete abolition of settlement laws?

Mr. **Shishkin.** Of course, settlement laws differ from State to State. There are some provisions in some States which are part of the settlement laws which would be done away with if the settlement law as such were completely abolished.

Settlement laws are the result of an era long gone. The basic restrictions of those laws now have to be eliminated and replaced with provisions that realistically take care of the problem of labor migration.

There are some laws that overlap between the restrictions on the income of workers as between one State and another State. Those things have to be solved.

POSSIBLE SETTLEMENT PROGRAM

Mr. **Parsons.** Of course, Congress has no power to limit the restrictions of the States as to settlement laws, but if we have a program of grants-in-aid to States, Congress could set up as a qualification certain types of settlement law, and we might gain uniformly in that respect.

Mr. **Shishkin.** That is correct.

Mr. **Parsons.** Your recommendation is for a Federal program of aid to the States?

Mr. **Shishkin.** That is right.

Mr. PARSONS. Would you include local relief agencies, or would that be for the care of migrants not ordinarily residents of the State?

Mr. SHISHKIN. It seems to me such a program has to go down to the local communities to be effective. I think with the cooperation of the States a program can be worked out, and I think such a program can be worked out to bring relief to the local community, because one community might be overburdened with one problem with which they have to deal, and must rely upon machinery which represents the support of the entire Nation. It has to fit in with the program of the entire Nation.

Mr. PARSONS. If Congress should create such an organization, what department of the Government should it be placed under?

Mr. SHISHKIN. I believe that to the extent that this is a fundamental problem affecting workers, and affecting the employment situation, which is a problem that the Division of Labor Standards has given a great deal of study to—I believe that the administration could be most effective if placed in the Department of Labor. I think that that agency, charged with those duties, would be the agency in which that activity should be placed.

Mr. PARSONS. We have had various recommendations. Some recommend that a new category be set up in the Social Security Board, where grants-in-aid to the States could be handled as are grants-in-aid for old-age assistance.

The suggestion was made the other day that the administration of it might be placed there, with a joint board made up of representatives of the Social Security Board, of the Children's Bureau, of the Department of Education and the Department of Labor, and that they might be united in one coordinated group, with representatives from the Agricultural Department looking after farm security, so that the entire program would be coordinated and each department of Government having a present function, more or less, in such a program, could operate in a coordinated fashion.

Mr. SHISHKIN. I think that suggestion has some merit in this respect, that that would place the operation of the program in relationship with the Employment Service, which is in the Federal Security Agency at the present time.

But I think some of the other phases of the program also recommend its being placed in the Department of Labor. But that is an administrative problem, as to which I believe your committee, having heard so many points of view and so much excellent evidence as to the actual administrative operation of the subject, must supply the final answer.

COORDINATED BOARD SUGGESTED

Mr. PARSONS. This has impressed me, that a coordinated board, representative of the various bureaus and departments interested in this problem, might be the best answer, with the administrative head probably under Social Security.

Mr. SHISHKIN. I think that would be a very good solution, but I might add that in providing such a solution for this type of problem it would be extremely important to be assured also that there would be an advisory and consultative representative on such an agency for labor, because labor meets this problem at first hand and is most directly affected by it.

I think with such representation a great deal can be accomplished for the improvement of administration, and also for the protection of the labor interests and labor standards.

Mr. PARSONS. There is no question but what a representative of labor should be on such a coordinated board.

The CHAIRMAN. We have the Interstate Commerce Commission to regulate and protect the free flow of commodities between the States.

Mr. SHISHKIN. That is right.

The CHAIRMAN. And as we know, that is a powerful organization. Do you not think it is about time we had something to protect human interests?

Mr. SHISHKIN. Very much so, Congressman. And I think that is a problem that can be tackled at the present time and something on which work can be started.

As far as a study of the problem is concerned, there is room for a continuing committee in the executive branch of the Government.

So far as technical experts are concerned, we have a number of competent men, some of whom have appeared before your committee, men who have gone into the question in great detail and who have presented excellent evidence, and they are competent to present the social and economic phases of it.

I think the subject has come to a point now where further study is necessary, and action is even more necessary, and that is why I hope this committee will have some very definite recommendations to make in the near future so that at the next session of Congress there will be a program which will have the full support of the American Federation of Labor.

PROBLEM OF UNEMPLOYMENT

I have a couple of more points in that connection. One of the things I wanted to mention in this connection, for the consideration of the committee, is a project concerning a problem that is broader than the migratory-worker problem itself. That is the problem of unemployment. The migratory worker is a product of lack of purchasing power, which is fundamentally unemployment, to a large extent.

Mr. PARSONS. But there are two classes of those workers. We have found that there is quite a large group of migrant agricultural workers that are really bringing more revenue into the family than the average agricultural worker.

Then we have the other group that is constantly on the move, seeking employment, and which often becomes entirely destitute. Migration is quite desirable and is absolutely necessary under the present system of agricultural production, especially in connection with vegetables, fruits, and things of that kind. But the thing that we are primarily concerned with is the large group of destitute people going from State to State.

Mr. Shishkin. That is correct. Earlier in my statement I said that labor migration, as such, under the present system and organization is normal, and with the developments in industry such as have taken place, some substantial measure of migratory labor will continue, and it is clearly a thing to be expected, as such.

Mr. Parsons. Not only in agriculture, but in industry, also?

Mr. Shishkin. Yes.

Mr. Parsons. We are being faced with that right now.

In the national-defense program, in finding the necessary type of skilled workers to go into high-speed production immediately, that will naturally dislocate a large number of families in the United States. Then, if that should be suddenly stopped, there will be a further dislocation, and they must redistribute themselves, or migrate to their original homes, or somewhere else. So, we are having and will continue to have a thorough test of that, to meet the needs of an industrial program.

Mr. Shishkin. This will probably extend further than that, because at the end of defense production there will be a return flow, which will provide a further dislocation and will have a tremendous effect on workers and on the communities. That is one of the most vital things to give attention to at this particular time.

Referring to the basic causes of unemployment and to the enormous flow of migratory labor, having millions of workers on the road, I think we all agree that unemployment, to the extent that it does seem to be a danger, whenever we go back to the normal extent of unemployment within the framework of our activity now, will be as large or larger than when we started defense production.

Our unemployment in recent months was around 8,000,000 workers, and we have probably employed another million since then.

Mr. Parsons. Of what ages are these people?

Mr. Shishkin. These are of the employable age. They do not include children under 16.

One of the proposals in connection with the financing of the defense production has in it attempts to deal with the unemployment problem, and in connection with that we have to offer as one of the major measures the direct loan system from Federal funds to make this possible. The Reconstruction Finance Corporation has operated on that basis over a period of years. We are now financing industries, especially the expansion of defense industries, through direct loans of Federal money to industry, and I think what we propose could be done by the utilization directly of the funds from the accumulation of savings in the banks, through local institutions, which are not loaning private funds, which really are the crux of the unemployment problem. The lack of investment loans last year was admitted to be a large source of trouble that prevented expansion. Of course, such a loan for industrial expansion is necessary as an immediate method, but it will come back to us in the form of taxes and economic burdens later on.

UTILIZE PRIVATE INVESTMENT

And the suggestion is a simple one. Why not, instead of making use of this great accumulation of funds, private investment funds that are there, but as to which investors are not willing to assume the risk of the uncertainty of the situation, give that stimulus and make possible the utilization of that money under a plan, under the Reconstruction Finance Corporation, based on the simple principle of the Federal Housing Administration of insurance, to a certain extent, depending on the amount of the risk and the assurance of the productive possibilities over a period of time as a result of these loans, made by a Federal agency, and have that administered by the Reconstruction Finance Corporation, which has a large staff of investigators, and have the Federal Government see to it that each extension is given the assurance of the Federal Government being satisfied that this can be sustained on an operating basis.

That will make possible the expansion of industry on a sound basis. The Federal Government, in return, will have the assurance of continued operation, in the first place, and, second, that the expansion is not of the type of the runaway shop, and will maintain basic minimum standards of competition and minimum labor standards in the industry, so it will be a part of the industry. It will not be a destructive expansion; it will be an expansion that will be a help, and it will assure a stable growth of employment opportunities.

Mr. PARSONS. Then that would be rather setting up a reserve for the future, would it not? The savings are a reserve for the individual for the future. You spoke of savings. It amounts to savings in hours being guaranteed by the Government on the same basis?

Mr. SHISHKIN. That is right.

Mr. PARSONS. The suggestion has been made to me, coming from Illinois, that we ought to have in that State a tax on oil, or on the oil industry, that it has taken our natural resources away, and that when the pools are eventually exhausted, and that great wealth has gone, we should have a reserve fund set up now by taxing the production of that basic mineral, just as some of the western States, after the large production had gone did set up such a reserve going to the State, for the State to use as a reserve for future needs of the State, after the industry had gone.

The recommendation you are making is somewhat in line with that principle, not only setting up a reserve for present operations, but for the future.

Mr. SHISHKIN. It is basically that, although, of course, as in connection with the Federal Housing Administration there is no actual reserve set up as such. It is simply an authorization to them for protection, for the assumption of that large risk.

Mr. PARSONS. But it also can be used as a revolving fund to help others.

Mr. SHISHKIN. That is right.

Mr. PARSONS. And you would suggest that in connection with making such private loans directly to the individual workers?

Mr. SHISHKIN. That is right. One of the great problems is that there is a great accumulation of investors' funds, and the investor is unwilling to invest without the assurance that the operation will be continuous, and if he has such an assurance by the Federal Government he will be willing to take the risk, and the industry will be able to go out, as needed, into self-sustaining work, which can be developed, and by the development of a system of that kind we can do away with the great burden of debt and taxation imposed by the necessary financing of the defense program.

MIGRANT STUDY BY AMERICAN FEDERATION OF LABOR

In conclusion, I want to point out that the sixtieth annual convention of the American Federation of Labor, held at New Orleans last month, has given extended consideration to the problem of migratory labor and has authorized the executive council of the American Federation of Labor to make a thorough study "of the problem presented by the migratory and transient workers."

When there is any further information which results from that and which is brought forth from our affiliated unions, we will be glad to place that at the disposal of the committee at any time.

The convention also voted unanimously that such measures be prepared as will safeguard and protect the social and civic rights and welfare of the migratory workers with the view that a permanent and workable solution to this broad problem, reestablishing the migratory workers in an economically sound community life, be found.

The problem of the migratory worker has become a challenge to the entire community and is of vital concern to organized labor. The American Federation of Labor actively supported the authorization by Congress of House Resolution No. 63, which made the work of the Tolan committee possible. Your committee has already established a notable record. Labor is confident that a constructive program will result when its work is concluded.

Mr. Parsons. How do you arrive at your figures on unemployment? We have had submitted various statistics that vary from one to six or seven million. I should like to know how you arrive at your estimate of the present number of unemployed.

DETERMINING NUMBER OF UNEMPLOYED

Mr. Shishkin. We have published a description of our method, which I will be glad to submit for the record.

I might say there are perhaps four basic estimates that are considered as sound, of which ours holds the middle ground. The Alexander Hamilton Institute, of New York, has carried an estimate for a long period of time which gives a higher figure than ours, and the figure of the National Industrial Conference Board is lower than ours.

Some difference is due to the definition of the term "unemployed." If you count the Work Projects Administration worker as employed, he is employed in Government work, but for our purposes we are counting those employeees normally in private industry.

Mr. Parsons. That is from age 16?

Mr. Shishkin. That is right.

Mr. Parsons. To age 65?

Mr. Shishkin. No; all of those in the labor market seeking employment opportunities.

For our purpose it is necessary to find out how many of those have gone to private employment, and that is why we define our unemployment, so as to include those working on Work Projects Administration projects and other public projects of that kind.

Mr. PARSONS. Would you say, as of October 1, that number was 7,000,000?

Mr. SHISHKIN. Our approximate estimate for October 1 is about 8,100,000, and with a rate of reemployment of about 500,000, the figure for that month was a little over 7,000,000, on the basis of our estimate. At the rate it is going now, by December 1941 we will have only one and one-half million, on the basis of the present estimate.

That does not mean that there is all there will be, because the defense industry only draws in one particular kind of worker.

Mr. PARSONS. But their employment is at least for part time, whereas other workers are employed for full time?

Mr. SHISHKIN. That is right.

Mr. PARSONS. About how many are there of unemployables who are idle?

Mr. SHISHKIN. Of course, the term "unemployable" is a very difficult one to pin down. I have been told that Chinese representatives in this country have said that there could not be any such thing, because deaf, dumb, and blind men in China, employed in the Chinese baths, who can only do such a thing as scratch the backs of customers, are considered employed workers. The housewife is considered employed by them.

Also, there is a great deal of difference in the approach. If you define it on the census basis of those unemployed and unable to work because they are handicapped, I think the figure would be quite small.

In 1929, when, in some respects, we had persons unemployed who accepted financial benefit, there were about a million and a half unemployed. But of those there were a number of bona fide unemployed. Some might be unemployables. As President Green has frequently said, to determine the extent of that would be a very valuable thing.

Mr. PARSONS. If we were to prescribe the same regulations for the public at large as during the 1920's, if you had used the same description of people as to employment, we would probably have had four or five million unemployed during the 1920's, on the same basis?

Mr. SHISHKIN. No; I think that is a high figure; I do not believe we would have had that many, on the basis of our estimate.

PRODUCTION AT PEAK

Mr. PARSONS. But production is at the highest peak. Someone made the statement before the committee the other day that in private industry production is at the highest peak in the history of the country.

Mr. SHISHKIN. Yes, that is correct; but I think this is one of the very significant facts in connection with that that should be on the record of this committee, and that is that production does not utilize a full number of workers.

Mr. PARSONS. Why not?

Mr. SHISHKIN. Because technological changes cause changes in the method of production, because industry is now more efficient than it has been. Take the 1919 factory production as 100 productivity, and you will find that in 1939 that figure rose to 228, or an increase of 128 percent. That is a tremendous increase, and it gives a clue to the comparative situation today.

Mr. PARSONS. In other words, one person was putting out 128 percent more in productivity than the same man was doing in 1919?

Mr. SHISHKIN. That is right.

Mr. PARSONS. Would you say that that is where a large portion of the unemployment comes from?

Mr. SHISHKIN. A great deal of the unemployment is technological unemployment. Of course, appraising that is difficult, because it does make possible industrial expansion, irrespective of some of the people who have been thrown out. Some of those changes eliminate skills, so that those workers in technological unemployment have no further place in the business.

Mr. PARSONS. A significant statement was made before the committee the other day to the effect that although the steel output was so much higher than at another given time that there were still 38,000 steel workers still unemployed because of technological changes.

Mr. SHISHKIN. Those are very important in the type of some steel production in which large crews of workers that have been employed are now almost completely eliminated.

Mr. PARSONS. Has the American Federation of Labor ever recommended a tax on machinery?

Mr. SHISHKIN. No; it has not. It has opposed a tax on machinery. We do not conceive that that will be the solution. We are a nation surrounded by nations which also have technological improvements. If we slow down our own pace we would only handicap ourselves, and that would not be a farsighted thing to do.

Mr. PARSONS. If we were at peace and all nations were on a productive basis, with free interchange of goods of every kind, with the low labor standards in other countries, could America still compete in the importation of agricultural and industrial goods?

Mr. SHISHKIN. It depends on what nations are involved. Some nations will not have any agricultural goods, and competition with other markets would present special problems there.

In view of the present situation, as far as agricultural goods and industrial plant products are concerned, I think in a very short time America will be able to supply the world with agricultural and industrial goods and will be the source of the supply of agricultural and industrial commodities of the world, regardless of prices, because it will take years to bring back the productive economy of Europe.

Mr. PARSONS. And provide enough money for rehabilitation?

LABEL AMERICAN GOODS

Mr. SHISHKIN. As far as the market is concerned, I think that is true, and, of course, I think it will have the burden of supplying some of it without any such loans, and I think if any such supplies are sent abroad, whether on an economic basis of purchase or not, to relieve the population of Europe, I think every article and every pound of food sent there should be stamped on the face of it "Made in the United States of America, a product of democracy," and if the people of Europe find those things coming to them from a democracy, that will be a tremendous antidote to the tons of propaganda from a dictatorship.

The CHAIRMAN. Mr. Shishkin, you have made a statement which I consider a very valuable contribution to the committee in its consideration of this subject.

Your position is that we cannot stop this migration between States, and you do not want to stop it, but you think it should be carefully considered, and if possible reasonably controlled migration.

Mr. SHISHKIN. That is right.

The CHAIRMAN. You appear today representing the American Federation of Labor in the consideration of this great national problem. Does it not appear strange to you that for over a century and a half of the existence of this problem practically nothing has been done about it except what some of the States have done; that the Federal Government has done practically nothing about the problem?

Mr. SHISHKIN. It is an amazing thing. Of course, we have been a nation on the move, and have been caught in the sweep of our own growth.

The CHAIRMAN. I think if we can give the people authentic information from the Federal Government as to the extent of the jobs and an inventory of the jobs, we have made a pretty good start.

Very briefly, I want to ask you this question: In what way do you, representing the American Federation of Labor, get information as to migration?

Mr. SHISHKIN. We have, of course, a network of some 800 central labor unions, which report on the situations in local communities, and periodically we send questionnaires in reference to various urgent problems, that are framed on the basis of reports which come in.

The CHAIRMAN. Are those reports limited to union members?

Mr. SHISHKIN. No; because in this particular problem you can very easily see that the problem of the migration of workers, whether union or nonunion, hits practically every labor market in a given community, so the reports come covering all phases of the problem.

Also, we have a substantial organization of workers in Florida and California who are engaged in processes in which there is highly seasonal production, and in which there is a great deal of migration among the workers themselves.

Mr. SPARKMAN. I gather from your statement that you do not consider that there is a shortage of skilled labor at the present time.

Mr. SHISHKIN. There is a shortage in some few cases. In some plants where there is a large number of employees there may be a shortage of some skilled labor. But in the basic operations there is no shortage at the present time.

Mr. SPARKMAN. I note your statement relating to the control of labor agents or private employment agencies. You said they were making more or less of a racket out of it, taking money from the employee and also from the employer.

I know nothing about this except what I have been getting in letters, but there has been a great deal of complaining about the labor situation among all of these defense developments, where laborers have gone to get employment but have been informed that they have to be a member of a labor union. When they applied for membership, ordinarily, to come in, they would have to pay $40, $50, or $60, as an initiation fee, or pay a great part of it, and in many instances it has been charged that the amount of the initiation fee had been sharply advanced since these projects have been started.

I know nothing about it except from letters. If that is true, would you not think that that is an imposition upon the laborers, the same as a private employment agency which should be curbed?

LABOR UNION FEES

Mr. SHISHKIN. I am glad you asked me that question, because that was one of the questions considered at our convention, and one that is difficult to answer under normal circumstances, because the answer is largely supplied by the headlines, and the headlines are usually far away from the facts.

In the first place, the high initial fees are a result of this situation. National unions, in some instances, set the initiation fees nationally. In the majority of unions the locals are placed on a more or less autonomous basis so far as the setting of fees is concerned.

But the problem has developed in several isolated, few instances which have been given a lot of publicity. To prevent it the unions have immediately taken steps to correct that particular situation. As to the $40, $50, and $80 fees, I think that reflects one instance where a company's local charged $80. The fees do not run that high in the building trades. There are unions that charge a $25 fee to mechanics whose weekly wage runs more than $25 a week. If his work is continuous and he goes somewhere else, he is given a transfer card and he gets the benefit of that. I think that $25 fee is reasonable, but I think those higher fees are unreasonable and unfair.

Let me give you one example. The president of the Hod Carriers' Union has reported to the convention that he has set up a committee that is under the international, which assumed full control, although previously the local unions have had authority to set up their own initiation fees, and from now on they have given the right to the international to set those fees. In that union you may be sure there will be no exorbitant initiation fees on defense projects. Action of similar kind has been taken by other unions.

Mr. SPARKMAN. I think in some instances where people have gone to Fort McClellan to do work on that project, in the course of construction there; they were required to pay $40. At the same time they could have joined a local union at home for $20. I have heard of cases where they have put it as high as $80.

It seems to me that in a great many instances that has worked a hardship on some of those workers. I think there is some deferment of about half of the amount, but they have had to pay one-half down. You can see how that works a great hardship on a great many of those workers who were unemployed.

The thought has occurred to me that some of these people who are being brought in to get employment probably would never become good union members, because probably after the emergency they will drop out of the union and go back to work on the farm or into the country and work in the same jobs they were in before, and probably would never become what you might call good, stable union members and bear the earmarks of a price paid for the privilege of working on these defense projects.

I am glad to hear you say that your convention did give considerable thought to that, because it might easily get out of control.

Mr. SHISHKIN. I want to impress upon you the fact that where there are those few corners to be cleaned out, labor is cleaning them out, and I think its ability to clean its own house is sufficient, and that there is no need of any intervention, as the development of the facts will prove.

As for the employment agency, whose sole source——

Mr. SPARKMAN. I have no sympathy with them.

Mr. SHISHKIN. I appreciate that fully. I do think there is no way of cleaning up that situation, but I think there is very pressing need for action.

Mr. SPARKMAN. You spoke of the construction work near Memphis in which the contractor advertised for labor.

Mr. SHISHKIN. For a plumber.

Mr. SPARKMAN. How would you get around that? If he needs the labor, how would you get around that?

Mr. SHISHKIN. We have established a working relationship with the United States Employment Service.

Mr. SPARKMAN. The Employment Service has in numerous instances admitted that in only a few isolated places was it really doing a complete job.

Mr. SHISHKIN. That is correct.

Mr. SPARKMAN. I think they have not so far coped with the situation. I realize that what you say is desirable.

Mr. SHISHKIN. I want to point out that those 20 plumbers, or a large number of them, are still unemployed. It could have made those available very easily.

Mr. SPARKMAN. The advertisement was by the contractor.

Mr. SHISHKIN. Yes; of course. But they could have made those available at the requisition of the United States Employment Service and even furnished transportation, if plumbers were not available.

Mr. SPARKMAN. Is it not true that on most of the defense projects they are working in rather close harmony with the unions?

Mr. SHISHKIN. I must say that the record today covering a large volume of work has been truly notable in that respect.

GREAT PLAINS LACK INDUSTRIES

Mr. CURTIS. Were you present at our hearing this morning when the young man from the Glenn Martin Co. testified?

Mr. SHISHKIN. No; I was not.

Mr. CURTIS. We have a situation in many parts of the country, particularly in the Great Plains States and agricultural areas, where there is a decided lack of industrial operations and an oversupply of available labor, with a great need for supplemental income in those areas, and they are very much interested in securing national-defense industries there.

I find, in the quest after such industries, there is another school of thought that feels that these new plants should go to coast towns in the industrial East, rather than reach out into the agricultural States.

I am referring to the Great Plains States—Kansas, the Dakotas, and Nebraska—which have lost such large numbers of people. What do you think about that controversy, as to where those plants should go?

Mr. SHISHKIN. I should like to say this, Congressman, that there are two phases of defense production that should be distinguished, one the production of such essential and urgent and important things as aircraft, in which the major requirement for equipment to develop new plant capacity is in the machine-shop production of parts necessary for the construction of planes, and in the machine-shop industry there is a definite seasonality. There are many shops now, which are available, and in which there is slight modification of equipment needed to enable them to produce airplanes. I think in that type of establishment it would be a simple matter to go to the coast towns and use the power facilities and utilities available there.

There is another type of defense production which is also essential and necessary, and that is the program of developing equipment, clothing, and barracks for the Army training program. We have a long-range plan of production that is a part of the defense program. That is an equipment problem rather than a money problem.

I think there is a type of production which can be planned and developed in such a way because it is known what the requirements will be in 1942 at that particular point.

We cannot go into an agricultural area and do it in a week or two; it takes time.

In those places where we can take time to plan, particularly about post-emergency problems, I think it will be a very vital and valuable thing to have planning which would lead up to that. It is particularly important to have that type of defense production there because that is a type which has to do with industrial production directly, that can be utilized after the emergency is over and become the nucleus of a growing industrial unit, after the actual defense production is over with.

INDUSTRIAL DECENTRALIZATION

Mr. SHISHKIN. Do you mean decentralization?

Mr. CURTIS. Yes.

Mr. SHISHKIN. Well, I think decentralization, of course, has shown a marked tendency in the industry in the past few years, and, I think, as a matter of defense planning, I think the location of plants in different areas is desirable, and, I think, from a technological standpoint, we have found in rubber, automobiles, and other instances that smaller plants are productively more efficient. And there is also the question of transportation.

I think decentralization, as a mere fetish or as a means of affecting established standards of industry, might be an evil in a lot of situations, but I think within the framework of the present defense production those things can be taken care of.

I think it would be a good thing to have the production of goods and services where they can be placed to the best advantage.

Mr. CURTIS. Does the organization you represent and speak for this morning oppose defense industries in agricultural areas and favor them in industrial areas because you may have a market in industrial areas that is anxious to secure labor?

Mr. SHISHKIN. As far as the availability of labor and housing in the defense industries is concerned, and the availability of workers, in giving employment to our membership, of course, our organization has an interest in locating industries in those places. On the question as such, I do not believe that the American Federation of Labor has taken any action on that, and I am unable to answer it directly.

I can say this: That if there is any need for the location of any industry that is dictated by the elements of national defense and sound planning, as a help to industrial growth, the American Federation of Labor will support that. But I think it is difficult to answer that in a general way without giving it further and full consideration.

Mr. CURTIS. Do you know whether labor's representative on the Defense Commission adheres to such a policy?

Mr. SHISHKIN. You mean Mr. Hillman?

Mr. CURTIS. Yes.

Mr. SHISHKIN. No; I do not know what his views are on that.

Mr. OSMERS. I would like to go back a bit to what I consider to be the most novel of the propositions you have made, namely, concerning the reemployment finance program. I can see a great deal of difficulty in putting such a program into operation because of the difference between industrial investment, as you have referred to it, and investment such as is represented by the Federal Housing Administration.

Do you believe the Federal Government would be wise to institute a policy of encouraging industry in a general way rather than to guarantee industrial investments?

PARTIAL GUARANTY OF INVESTMENTS

Mr. SHISHKIN. I do not propose the guaranty of the entire investment, but only a partial guaranty.

Mr. OSMERS. Only a portion of it?

Mr. SHISHKIN. Yes. I wish to point out that the Reconstruction Finance Corporation, in several periods, has maintained an extensive program of direct financing of industrial enterprises. We have had an instance of a large portion of the textile industry being backed by the Reconstruction Finance Corporation in its entire financial structure, and it has worked. If that is so, and it has been tested, I do not see why, in many specific situations where there is a Federal activity involved, the Reconstruction Finance Corporation cannot insure the loan.

Mr. OSMERS. Of course, the Reconstruction Finance Corporation has acted as a banker, although performing no function of a private banking institution, except that they have used Government money to do it.

Mr. SHISHKIN. That is correct.

Mr. OSMERS. I can see some disadvantage in such a proposal, unless they have worked it out very carefully; I think you might find a further elimination of private banking from the American business scene. Private banking today is at its lowest ebb in the history of the country, and the rate of return on bank deposits is the best evidence of that. The reason is the banks' original function of acting as a bank has been somewhat thwarted, and it has been used as a collecting agency to reinvest its deposits in Government securities.

But, changing the subject for a moment to discuss the effect of world peace on the interstate migration of destitute citizens of the United States, what is your opinion on that?

Mr. SHISHKIN. As I pointed out earlier in my statement, I think that is the most critical period we are facing. We will have an era of readjustment or relocation of industry, and the expansion of industry will be such that there will be a flow of labor into new ghost towns.

I think, in connection with every study of defense production, consideration should be given as to what is going to happen to a project, what is going to happen to the elements of production and the equipment, and the workers trained to do that work, when it is there.

Mr. OSMERS. Do you feel that the great difficulties that will arrive with peace, the economic difficulties, will have to be settled by a change in our basic form of government, even if it were temporary, where we would have at least an economic dictatorship?

Mr. SHISHKIN. I think, Congressman, I pointed that out in my statement, that if we now start going to work on preventive measures, and go at the thing in a democratic way, without compulsion, and mobilize the democratic method to provide safeguards, I think we will be able to face that situation without having to resort to an economic dictatorship. But I think if we should wait and drift and muddle through defense production, the crisis will be such that we may not be able to cope with it through the normal channels, so I urge the taking of preventive measures.

WORLD PEACE TO BRING UNEMPLOYMENT

Mr. OSMERS. Let us pressuppose that we do everything that you feel ought to be done, that we plan carefully for the location of each industry; have you taken into consideration the fact that with the arrival of peace there will be approximately 25,000,000 workers throughout the world outside of the United States who will also lose their jobs as the result of peace, and that these workers, who will do everything they can to get into the American market and attempt to do business, will also be competing with us? Do you feel that that will have an unfavorable effect?

Mr. Shishkin. I think on that particular phase of the situation that is rather a pessimistic view. I think that the destruction of plant property and life in Europe has been so enormous that the job of rebuilding and reconstruction of what has been destroyed will be so great a majority of the 25,000,000 workers will be put to work in getting additional production.

Mr. Osmers. I cannot agree with you, because I think, taking your statement that a tremendous amount of plant property has been destroyed, the destruction of life has not been as great as in the previous war; but even taking the amount of plant destruction so far, you would still not have destroyed more of the plant than that being occupied by war activities. In other words, plants such as that will not be used after the war. It may be, in Germany, with half of its industrial plant being used for war production, that the other half of the plant is not likely to be destroyed. But I doubt that.

Mr. Shishkin. I do not know how much has been left for the future, especially some of the larger plants. Some of those now producing shells, T. N. T., and so forth, will have to be changed back to normal peacetime production. Industrial production has been geared up to the production of war materials over a period of years, and that plant will have to be rebuilt for peacetime purposes. I am somewhat adhering to the optimistic viewpoint.

Mr. Osmers. Do you feel that the United States Employment Service is, in general, doing a good job?

Mr. Shishkin. I think it is doing an excellent job, and whatever the shortcomings are, they are the shortcomings of a lack of sufficient personnel and equipment. And when I say equipment I mean in a general way, without casting any reflections on the present staff.

I do think they could probably do a better job if they relied more on people with a background of actual work in the labor field. I think we have a lot of people who have been working at their trade in particular occupations, and who know them, practically, from experience over a period of years. I think those who have represented labor on these problems are better equipped, in many instances, to really do a thorough job of placement, bringing the job to the worker and the worker to the job, than a person who has had purely an academic training.

IMPROVE PLACEMENT PROGRAM

There is room for both, but I think they should rely more on the practical people to enable them to work out a faster, better, and smoother program of placement.

Mr. Osmers. I want to agree with that statement. It has been my opinion that not only representatives of labor but also representatives of employers should be in closer harmony with the employment service, or the employment service in closer harmony with them.

You do feel, however, that the United States Employment Service is the organization that should, in a sense, direct this migration as much as possible, not to be compulsory in any sense, and if there are jobs, they should be the ones to send people to these places.

Mr. SHISHKIN. Without question they are the ones to do that.

Mr. OSMERS. Do you favor a Nation-wide congress or conference on the question of unemployment? The representative of the C. I. O. said their organization was favorable to such a conference.

Mr. SHISHKIN. We have urged a conference on unemployment over a period of time. President Green has made a report on that.

The unemployment problem now is changing so rapidly that I think that the unemployment conference method at this time is very unwieldly and very slow. We tried that in 1930, 1931, and 1932, and that perhaps is the best method of dealing with the problem at the moment. I think there should be a meeting of minds on the part of labor and the Government, and I think it should be done quickly, in view of the urgency of the situation.

WOULD EXTEND WAGE-AND-HOUR LAW

Mr. OSMERS. What is your attitude on the application of the wage-and-hour law to agricultural workers; by that I mean those engaged in industrial or corporate farming?

Mr. SHISHKIN. I should like to have the act extended to cover those.

Mr. OSMERS. With possibly some alteration in wages and hours to cover agricultural occupations?

Mr. SHISHKIN. Without subscribing to Colonel Fleming's recommendations, I should think that labor standards should be considered first.

Mr. OSMERS. You feel that it should be handled as a separate entity, so far as the agricultural worker is concerned, because of the seasonal character of his work?

Mr. SHISHKIN. I think the Wage and Hour Division should undertake a study of that subject and be called upon for specific recommendations to Congress as to the nature of the problem, so proper recommendations could be framed.

Mr. OSMERS. The Secretary of Labor has suggested to the committee that the Federal Government establish a board, bureau, or commission of a permanent nature to plot the course of migration, and to suggest to Congress from time to time certain legislation that might be helpful; in other words, to provide for a body such as this committee on a permanent basis.

Mr. SHISHKIN. I subscribe to the suggestion by Congressman Tolan that that is the proper way to do it, and I think that such a body would have the approval of organized labor.

The CHAIRMAN. We thank you very much for your statement, Mr. Shishkin. I want to say that your statement and your answers to questions were fair and clear, and you have made a very valuable contribution to the work of this committee.

Mr. SHISHKIN. I thank you, Mr. Chairman.

(The following are excerpts from a prepared statement submitted by Mr. Shishkin, which were not read with his testimony:)

* * * Today hundreds of thousands of our families wander like tumbleweeds across the expanse of our country, families who can and should be given the opportunity to grow roots in communities which they could call their own, to establish homes, and thus to be assured healthy and normal growth as human beings, as families, as citizens, and as productive workers * * *.

To the plain public duty of remedying these conditions and of removing their causes is now added another imperative and pressing requirement. Defense organization and defense production will strain to the limit the resources of the American people. The defense needs place upon our Congress and our Government an exacting duty to make, in a democratic way, an urgent and adequte provision of remedies and facilities to end the idle ebb and flow of unemployed job seekers, and to direct it into channels of normal productive activity. * * *

Much of the interstate labor migration today may be termed "blind migration." Workers and their families travel hundreds and thousands of miles, placing their faith of finding employment on vague rumors or deliberately false reports greatly exaggerating the employment needs which often do not exist at all. It is of primary importance, therefore, to assure visibility of employment opportunities. In industry, trade, and agriculture advance-job inventories should be made to provide advance information on prospective employment opportunities. Such a service developed nationally by public-employment offices in defense industries and in all seasonal and fluctuating employments would greatly reduce the flow of "blind migration" which is the most costly and wasteful to our community and to our economy. This program should be undertaken as promptly as possible, and with full working cooperation and consultation of organized labor and of industry. * * *

Most migrants are in flight from economic insecurity. Extension of coverage of the social-security legislation to wage earners now excluded has been urged upon Congress by the American Federation of Labor as a method of bringing an important measure of economic stability and security from unemployment. This should be done under the plan embodied in the Wagner-McCormack amendments supported by the American Federation of Labor. Extension of workmen's compensation coverage to temporary and casual workers and to employments now excluded is also very necessary. * * *

Measures such as these and modification of existing settlement laws would give us a framework for dealing with the problem in a planned, orderly, and effective fashion. We shall still have left before us, however, the broader problem of long-term unemployment, the problem which is temporarily mitigated by defense activity, but which will undoubtedly assume critical proportions when the national emergency is over. As an approach to the permanent solution of unemployment and in addition to the basic remedies such as the shortening of the hours of work and strengthening of the purchasing power through increased wages, the American Federation of Labor offers another proposal which is designed to stabilize the flow of productive investment.

To achieve this we recommend the adoption of a simple plan which may be termed a "reemployment finance program." We are now financing industrial expansion and especially the expansion of defense industries through direct loans of Federal money to industry. This lending program, although it may be directly financed by borrowing, will ultimately place a great burden of taxation upon the wealth of our Nation. Government lending provides substitute channels for the flow of investment funds which are not forthcoming through the normal channels of private investment. In view of the large accumulation of private investment funds and the availability of an enormous reserve of accumulated savings of individuals and of industry, we propose a plan to make possible direct investment of private funds into expansion of sound productive enterprises.

By the simple method of Federal insurance of loans made by private banks and other lending institutions under the method used by the Federal Housing

Administration, private investors can be induced to assume long-term risks which they are now reluctant to underwrite. Partial insurance of these private loans could be administered by the Reemployment Finance Corporation established within the existing framework of the Reconstruction Finance Corporation and utilizing the available staff of the Federal Loan Agency.

The only condition of Federal insurance on industrial loans of this kind would be the enforcement of minimum standards of fair competition and of such minimum labor standards as have already been established in the industry in question. It is our belief that such a program which calls for no expenditure of public funds and for a simple legislative authorization could do much toward relieving the distressed areas in our economy by bringing new industry to communities which need it and at the same time prevent unbalanced growth brought on by unfair competition.

The sixtieth annual convention of the American Federation of Labor held in New Orleans last month has given extended consideration to the problem of migratory labor and has authorized the executive council of the American Federation of Labor to make a thorough study of the problems presented by the migratory and transient workers. The convention also voted unanimously that such measures be prepared as will safeguard and protect the social and civic rights and welfare of the migratory workers with the view that a permanent and workable solution to this broad problem, reestablishing the migratory workers in an economically sound community life, be found.

The problem of the migratory worker has become a challenge to the entire community and is of vital concern to organized labor. The American Federation of Labor actively supported the authorization by Congress of House Resolution No. 63 which made the work of the Tolan Committee possible. Your committee has already established a notable record. Labor is confident that a constructive program will result when its work is concluded.

(Thereupon, the committee took a recess until 2 p. m.)

AFTER RECESS

The Chairman. The committee will please come to order. The first witness will be Dr. Lubin.

Congressman Osmers, of New Jersey, will interrogate you, Dr. Lubin.

TESTIMONY OF DR. ISADOR LUBIN, COMMISSIONER, BUREAU OF LABOR STATISTICS, DEPARTMENT OF LABOR, WASHINGTON, D. C.

Mr. Osmers. Dr. Lubin, I believe you are prepared to make a statement to the committee upon which we may predicate our questions; is that correct?

Mr. Lubin. I have no particular statement to make, Mr. Osmers. When a representative of the committee conferred with me he asked me to come and say what I could about the effect of the defense program upon employment. I have brought together various materials which might throw light upon what may happen to employment as the result of the defense program.

Mr. Osmers. I will say this, Dr. Lubin, that in our Washington hearings, when we started off, it was pretty much an agricultural problem, but as the defense program has matured and as the work of the committee has matured, we find that more and more emphasis in our discussions is being placed upon the future migration that will come as a result of peace.

If you could give us some testimony along those lines I am sure it would be helpful to the committee, but don't feel we are narrowing you to that subject. Anything at all that you may have to say on the subject of the international migration of destitute citizens is of interest to the committee.

Mr. LUBIN. I have nothing on the interstate migration of our citizens. I understood I was to talk on the effect of the defense program upon employment and how far we could count on the defense program in absorbing the unemployed.

EMPLOYED NUMBERED 37,000,000

Mr. OSMERS. Will you speak on that subject?

Mr. LUBIN. Yes. During the month of October, the last month for which official statistics are available, it is estimated that approximately 37,000,000 people were employed in the United States.

The last time that employment levels approached that figure was in the fall of 1937, when about thirty-six and three-quarter million people were employed.

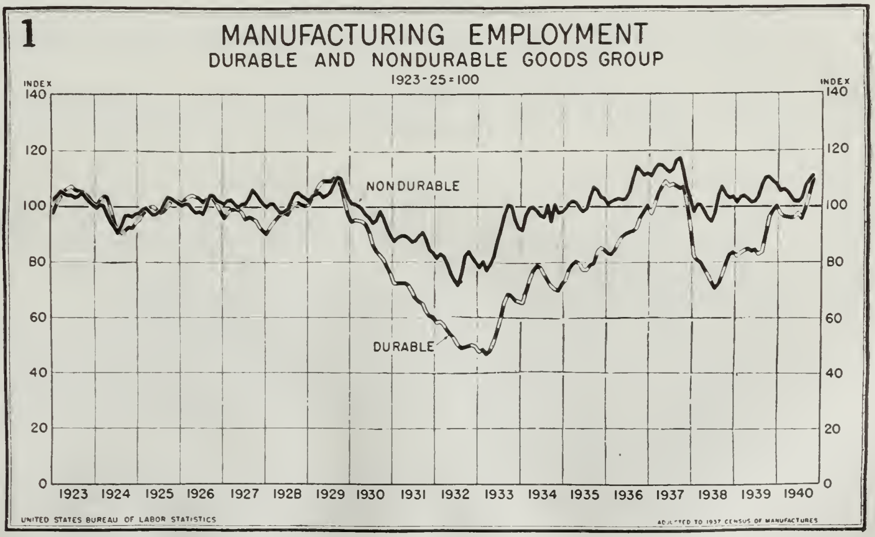
Today we are about 800,000 below the peak level of employment in the fall of 1929. In other words, despite the fact that the defense program has been under way since May—it started, of course, from a relatively low level, and despite the fact that since the beginning of this year something approximating two and three-quarter million people have found jobs, we are still at a point where about three-quarters of a million fewer people are being employed, outside of agricultural activities, than in the peak month of 1929. That was September 1929, when the figure was, as I say, approximately thirty-seven and three-quarter millions.

In the manufacturing industries we are still below the level of the peak months of 1929, and we are even below the level of September 1937.

I brought with me a chart which gives a picture of the employment situation in the manufacturing industry.

The CHAIRMAN. The reporter will mark the chart as an exhibit to Dr. Lubin's testimony.

(The chart referred to was marked "Lubin Exhibit B-1," and appears below.)



Mr. Lubin. You will note from this chart (Manufacturing Employment) that the index of employment at the present time in the durable-goods industries—which are the industries that are most directly affected by the defense program—is approximately 110, as compared with the base years 1923, 1924, and 1925.

You will note that this line is just about back to where it was 3 years ago, in 1937, when we reached the peak level since 1929.

You will note also that it is just about on a par with the peak period of 1929. This black line on top, which is the nondurable-goods industries, which are the industries that make the things we consume each day—food, clothing, and the nondurable goods of various types—is still several points below where it was 3 years ago and slightly below where it was in 1929.

In other words, the real gains in employment in the last several years have been in the durable-goods industries, and the real gains that have occurred in the past 7 months have been in those same durable-goods industries, as one would expect, due to the fact that the Army and Navy are spending most of their money on heavy goods—ships, airplanes, ordnance—of one sort or another.

These figures on employment do not tell the entire story, however, because all they depict is what is happening to the number of people who are on pay rolls.

During the last 6 or 7 years a lot of people were employed but had relatively little work. In other words, they were on a pay roll but they had employment for only 2, 3, or 4 days per week.

BUYING POWER OF LABORING POPULATION

The defense program has not only brought about an increase in the number of people employed but has brought about a very marked effect upon the pay rolls of industry. In other words, not only have new people been taken on but the people who had been on previous to the program have been securing more steady work and much overtime work. The result of that situation is shown on this factory pay-roll chart.

The Chairman. Will you mark that, Mr. Reporter?

(The chart referred to was marked "Lubin Exhibit B–2", and appears as chart 2.)

Mr. Lubin. You will notice that pay rolls in the durable-goods industries now stand at 121.7, or approximately 122, the highest level on record.

Mr. Parsons. Higher than during the World War?

Mr. Lubin. No; I am sorry. I should have said "since the early 1920's." The actual pay-roll figures for the World War period were not very much in excess of this point.

Mr. Parsons. But those were not normal times, of course.

Mr. Lubin. Well, of course, some people will question whether the present times are normal. The fact remains that there was a great increase, and you will notice in this chart that pay-roll figures jump from 97 in May to almost 122 in October, an increase of over 25 percent in that short period of time.

You will notice on the other hand that in the non-durable-goods industries the pay-roll figure is just about where it was a year ago

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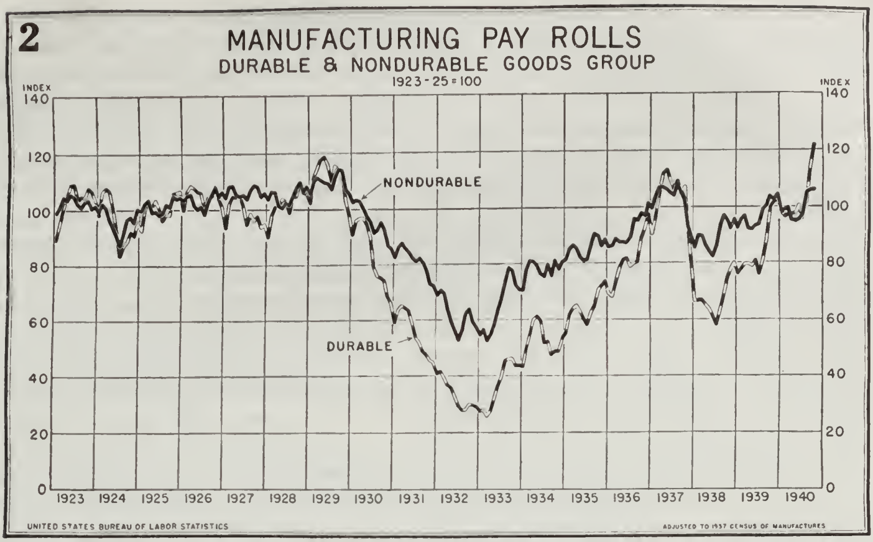


and below where it was in 1937, and considerably below where it was in 1929.

Mr. Osmers. Dr. Lubin, is that chart based on dollars of pay rolls?

Mr. Lubin. Dollars paid out per week.

Mr. Osmers. Dollars paid out per week by manufacturers?

Mr. Lubin. Yes.

Mr. Osmers. I didn't know whether it was hours of labor, or wages per hour, or what the unit was.

Mr. Lubin. The total dollars paid out in pay rolls.

Mr. Parsons. That is your index when figuring buying power?

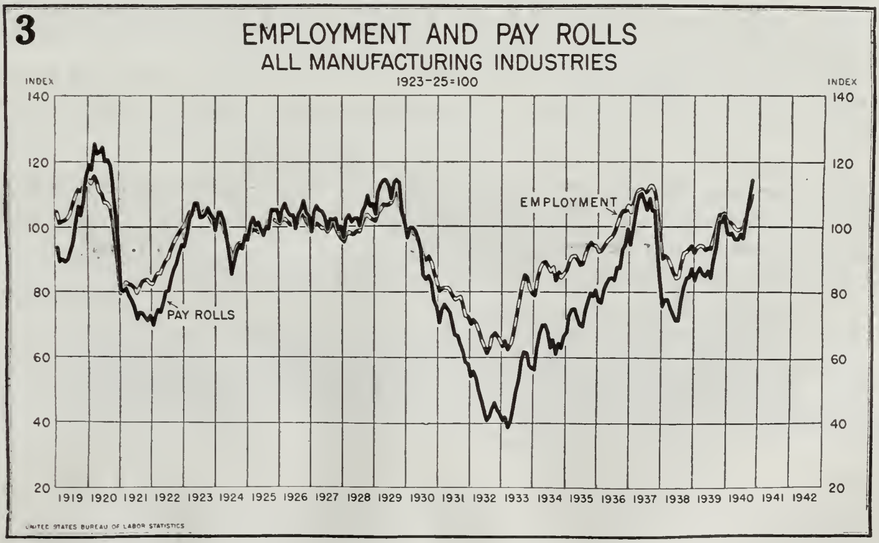
Mr. Lubin. Yes; it is the buying power of the laboring population of the country.

May we have the next chart marked?

The Chairman. The reporter will please mark it.

(The chart referred to was marked "Lubin Exhibit C," and appears as chart 3.)

3



EMPLOYMENT CLOSE TO 1929

Mr. LUBIN. If you take all of the manufacturing industries combined, namely, durable and nondurable, which this chart shows, being a combination of the two preceding charts, you will find that employment as a whole in the manufacturing industries is just about back where it was 3 years ago. It is slightly below where it was in 1929.

Here is the figure, Mr. Parsons, for the war period. There is your 1919 figure. It was 114½ as compared to 110 now.

Mr. PARSONS. Well, we had all the people pretty well employed in those days

Mr. LUBIN. Yes. But, of course, in the past 20 years you have increased the number of people in your population who are of working age by something like 10,000,000.

The CHAIRMAN. That is the point.

Mr. PARSONS. But haven't we had a comparable and proportionate increase in the 20 years before that, whereas the population in the last decade has not increased anything like the same rate or rapidity that it did in the years previous?

Mr. LUBIN. The significant fact is that during the so-called period of prosperity in the late 1920's, your employment and pay-roll levels didn't rise very much. There were temporary ups and downs but the figures stuck pretty closely to that line, which represents 1923, 1924, and 1925, and even in 1929 you did not get back to the levels of 1919 either in employment or in pay rolls.

Mr. PARSONS. But you had steady employment in both the durable and nondurable goods. They went fairly well along together?

EMPLOYMENT PROBLEM BUILT UP

Mr. LUBIN. Yes; of course. But the significant thing is that during that period you were gradually building up an army of unemployed. I should not use the word "army." It is the wrong word. You were gradually building up an employment problem that we were not conscious of at the time.

Mr. PARSONS. That is just what I want you to comment on. A great many of those people were coming from the rural areas and the farms because farming was less and less profitable.

Mr. LUBIN. Exactly so.

Mr. PARSONS. Throughout the decade of the 1920's and in comparison with the comparative buying power of industry.

Mr. LUBIN. In other words, you were increasing the working population something in excess of 500,000 a year and yet between 1920 and 1929 the actual increase in the number of people employed was less than 15 percent. In other words, each year you were adding to your laboring population but you were not absorbing them as fast as you were adding to your labor supply.

Mr. PARSONS. Has labor-displacing machinery, inventions, and technological machines aided and assisted in this employment?

Mr. LUBIN. There is no doubt it has aided and assisted very materially.

Mr. PARSONS. And the new frontiers of manufacturing of new materials, like automobiles and like the airplane industry and so on, have not absorbed the labor that inventions and technological trends have displaced.

Mr. LUBIN. That is true. Of course, on the other hand, there is this other thing that should be borne in mind, that during this period the habits of the country have changed. In other words, you made it more difficult, and in fact you are prohibiting the employment of people below 16 years of age. Formerly, many worked below the age of 14. Through our social-security laws we have made it possible for people who otherwise would have had to work to retire at the age of 65. Our whole attitude toward various groups of our population has changed.

Mr. PARSONS. Yet with all that change we still have a very large number of unemployed.

Mr. LUBIN. Very definitely.

Mr. PARSONS. Do you think we will ever reach the point where we can employ all the employables in private industry?

Mr. LUBIN. If I didn't I would give up right now. I think that we can. I don't know how we are going to do it, but I would say that to admit that we cannot is admitting bankruptcy for our system.

Mr. PARSONS. You are quite an optimist and I am very glad to have at least one individual that believes it can be done.

Mr. LUBIN. Well, I am convinced it can be done.

Mr. PARSONS. The principal point right now is to find the means and the methods with which to do it.

Mr. LUBIN. Exactly.

Mr. PARSONS. That isn't the problem of this committee, however. It is only incidental; but we are vitally interested in the problem.

SENATE STUDIED UNEMPLOYMENT

Mr. LUBIN. Back 12 years ago, in 1928, the Senate passed a resolution ordering an investigation of the problem of unemployment. The job was turned over to the Senate Committee on Education and Labor, and I was appointed economic counsel to that committee.

The report submitted by that committee pointed to the very same problem that we are discussing today, namely, how to absorb the people who were then unemployed but whom most of us did not consider to be a problem. We were not conscious of the fact in that so-called heyday of prosperity that people were unemployed and that the number of unemployed was increasing.

Today the problem is still with us. It is still with us but in a much more acute form, first, because of the fact that we had the period from 1929 to 1933 when we had a progressive decline in employment. Since 1933 we have twice gotten back to the point from which we started in the 1920's.

Mr. PARSONS. You mean so far as pay rolls are concerned?

Mr. LUBIN. Pretty close. The problem from now on is not to maintain that level but to go beyond it to new levels, and having gone beyond it to maintain it. The solution, as I said before, I do not know, but I think there is a whole series of factors involved. I think the problem of price structure is a very significant factor in it.

Mr. Parsons. Will you comment upon the price structure with reference to your idea relating to this problem?

Mr. Lubin. Take the case of technological displacement. A new machine comes in. We just take it for granted if the machine can do the work of former workers that those workers can be dismissed automatically.

Well, now, if the savings that came in production costs as a result of putting in a new machine were distributed more equitably, I don't believe we would have the severe problem that we have been having. In other words, if the savings were given to us automatically in lower prices so you and I would have to pay less for those goods, we would have more money to spend for other goods. If that were the situation, your total problem of unemployment would be a great deal less serious than it is at the present time. On the other hand, if part of the savings were given to the displaced worker, he at least would be much better off.

Mr. Parsons. As a direct gift?

Mr. Lubin. Through some form of insurance. Now, let us have a concrete illustration. Here is a man working in a factory in the State of New York. He has a certain skill. He loses three fingers as a result of an accident. In losing those three fingers he no longer is able to do his old job.

In New York State that man can get two-thirds of his salary, under the workmen's compensation law of that State, for a long period of time. I think it is 6 years. He has lost his skill as a result of an accident.

Now, somebody puts in a machine and does the same thing. It doesn't take his fingers away from him but it takes his skill away from him. He is no longer necessary to his industry. We forget him. He is thrown into the ash can and he has to find his own way around.

Mr. Parsons. Probably would start on the road as one of our migrants.

Mr. Lubin. That is one of the possibilities. In other words, we haven't kept our books straight. That job of his from which he is displaced creates a social liability. Somebody is going to have to take care of that dispossessed person some way or another. You and I don't pay for it directly. The employer doesn't pay for it. Eventually, however, you and I may pay for it through our payment of taxes. But if the worker is going to lose his job so that you and I can get things cheaper, I think it is unfair that he bear the burden all himself.

Mr. Osmers. Don't you think, Dr. Lubin, that as a general rule the benefits of labor-saving machinery have been passed along to the consumer?

Mr. Lubin. I would say that if it is it takes so long that the problem of technological displacement becomes very much more serious than it need be.

Mr. Osmers. I will admit, of course, that the manufacturer that goes to great expense to install labor-saving machinery cannot immediately reduce prices to what they will be when that machinery has been amortized. I appreciate that, but won't competition force the saving to be passed on to the consumer?

Mr. LUBIN. I would not say generally, but I will say that competition sometimes does that but nowhere as frequently or as regularly as we would like to think it does.

INCREASED WORKING POPULATION

Mr. CURTIS. May I ask a question?

The CHAIRMAN. Certainly.

Mr. LUBIN. That is a personal opinion, of course.

Mr. CURTIS. As I understood you to say, we have approximately the same number of employed people now as we had in 1929.

Mr. LUBIN. Actually employed; yes.

Mr. CURTIS. But it is not the same relative number as compared to the population in 1929?

Mr. LUBIN. That is right.

Mr. CURTIS. Our population has increased considerably, has it not?

Mr. LUBIN. The population of working age has increased approximately 5,000,000.

Mr. CURTIS. And how about the total population of the country?

Mr. LUBIN. It has increased 9,000,000, approximately, I think.

Mr. CURTIS. Now, do you know of anyone that has tried to find the mathematical answer to the question of how many jobs have been displaced by the coming of machines in the last 20 years, the development of machines and so forth, as compared with the new jobs that machines have developed?

Mr. LUBIN. No; there is no mathematical answer. The reason is that it is next to impossible to determine whether the machine or some other factor has displaced a particular person. For example, here you have a factory where because of the installation of one machine which may save a lot of labor on the part of the people who were doing a particular job—at the same time you may have a reorganization of the plant in terms of feeding materials to the machine, so that you eliminate a lot of unnecessary waste motion—as a result of that machine being there, more people have been displaced than appears on the surface.

Mr. CURTIS. But you take the development of radio with its manufacture, its wholesale and retailing and broadcasting business; the licensing and servicing and the talent—the materials that go into radio and all its ramifications that you can imagine, and added to that air-conditioning and refrigeration and aviation and countless other things. I am not saying that machines have not done away with jobs but I do think we are just sticking our heads in the sand in trying to solve our problem by saying that machinery is responsible for unemployment when no one knows.

MACHINES DISPLACE WORKERS

Mr. LUBIN. I think you can get evidence of the displacement of jobs by machines.

Mr. Curtis. But can you get the new jobs created, and balance them up and see what the answer is?

Mr. Lubin. Well, assuming that we could, the fact still remains that Bill Jones, who used to work in a plant that made pianos, who lost his job because people don't want as many pianos today because they can have radios and victrolas, is out of work—he has been displaced. He is a problem. Granted that as a result of the development of radio Bill Smith got a job which he otherwise would not have had. That does not overlook the fact that we have a human casualty; that there are people out of work today because of the fact that the machine has taken their job.

Now, in terms of the total number of people who are affected by machine displacement nobody knows the answer. There is no way of telling.

Mr. Curtis. But the goods consumed by an American family has greatly increased because they can buy the products of the machine, isn't that true?

Mr. Lubin. Very definitely.

Mr. Curtis. If we turned the clock back enough years so that everything was made by hand we wouldn't be having countless things in our homes and elsewhere that folks are buying today, would we?

Mr. Lubin. Well, I would say that it would be much cheaper and better for society to let the machines go on at the rate they have been going and provide for the people who are displaced in some other way than it would be to stop the advance of the machine. One reason why we have such a high standard of living in this country for those who are employed is the machine. But I don't feel that you and I as consumers, who get the advantages of these machines, should be excused from bearing our share of the burden of taking care of the people who have been displaced.

In figuring the cost of production you have got not only taxes and insurance and wages and profits and interest, but there is that other factor—the displaced worker. I think he should be considered part of our cost of production as well as anything else.

We made a start in that direction under the Unemployment Compensation Act. One of the costs of maintaining a factory is the cost of taking care of your men when you shut your factory down. That is added to the cost of production and you and I rightfully should pay it.

PAY FOR YEAR-AROUND EMPLOYMENT

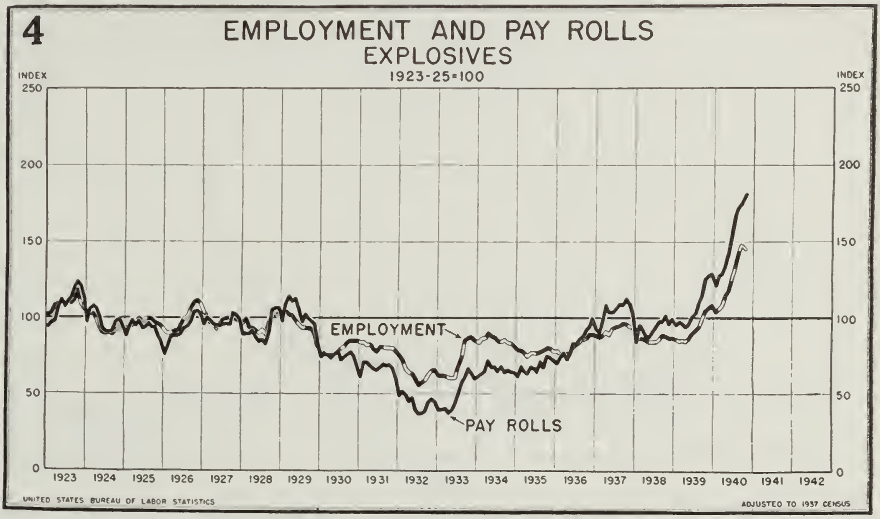
If the women of this country want to buy their bonnets 3 weeks before Easter they should contribute toward the maintenance of the workers who make those bonnets and need employment the year around. They should help to take care of those people so when they want bonnets again next fall those people will be available. Somebody should bear that cost and I think the consumer should pay it.

Mr. Osmers. I would like to ask you a question about the charts that you have showed us, which all show an increase in employment and pay rolls in the very recent past and apparently a continuing upward curve. Is there any way of telling the committee how much of that up-swing is due to defense industries?

Mr. LUBIN. Yes, sir; I have the picture of what has happened here. This is the explosives industry. You will note that the black line, which is employment, is now 39 percent above where it was a year ago. Pay rolls are almost 44 percent above where they were a year ago.

The CHAIRMAN. Will you mark that, Mr. Reporter?

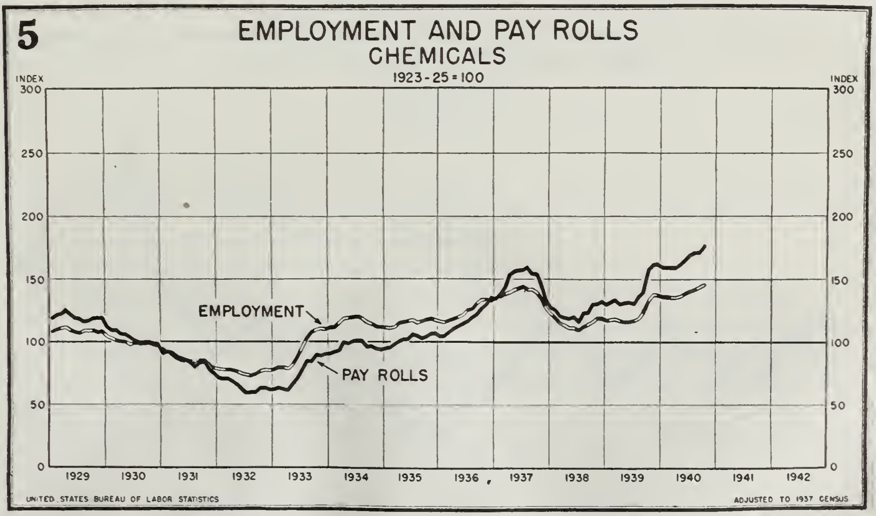
(The chart referred to was marked "Lubin Exhibit D," and appears below.)



Mr. LUBIN. The chart for the chemical industry——

The CHAIRMAN. Will you mark that, Mr. Reporter?

(The chart referred to was marked "Lubin Exhibit E," and appears below.)

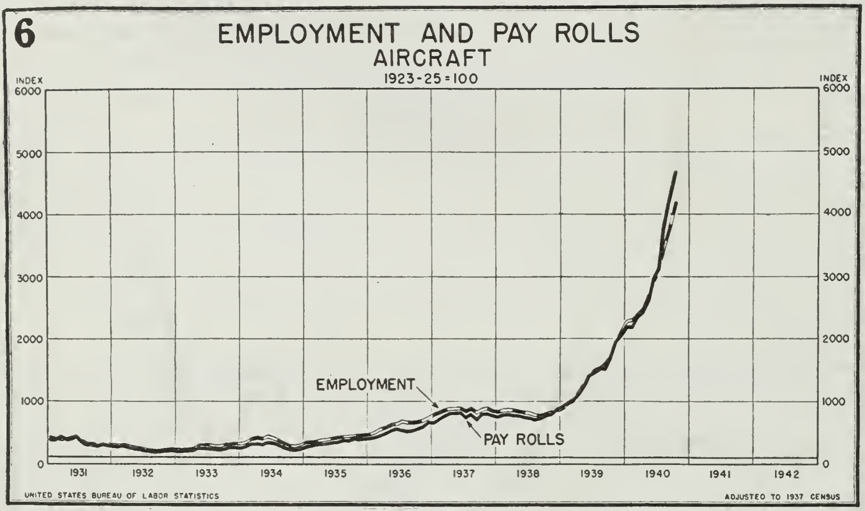


Mr. **Lubin.** In the chemical industry the increase has not been quite as great but you can see the trend. There was a rather sharp rise at the end of 1939 and the index is still going up. Employment today is about 9 percent above where it was a year ago and pay rolls are 12 percent higher.

The aircraft industry——

The **Chairman.** Will you mark that, Mr. Reporter?

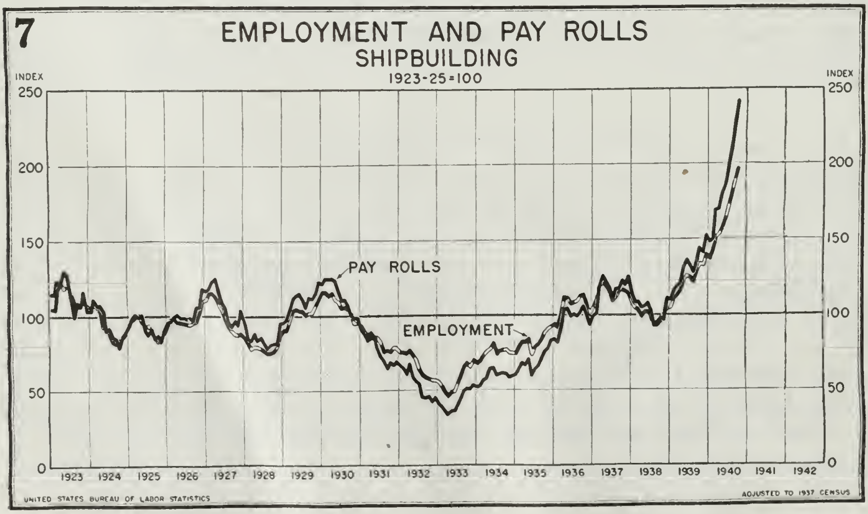
(The chart referred to was marked "Lubin Exhibit F," and appears below.)



Mr. **Lubin.** Let us go back to January 1939. The index was 900. At the present time it is 4,200. In other words, employment in industry has increased about five times and pay rolls approximately by the same amount.

The **Chairman.** Will you mark that, Mr. Reporter?

(The chart referred to was marked "Lubin Exhibit G," and appears below.)

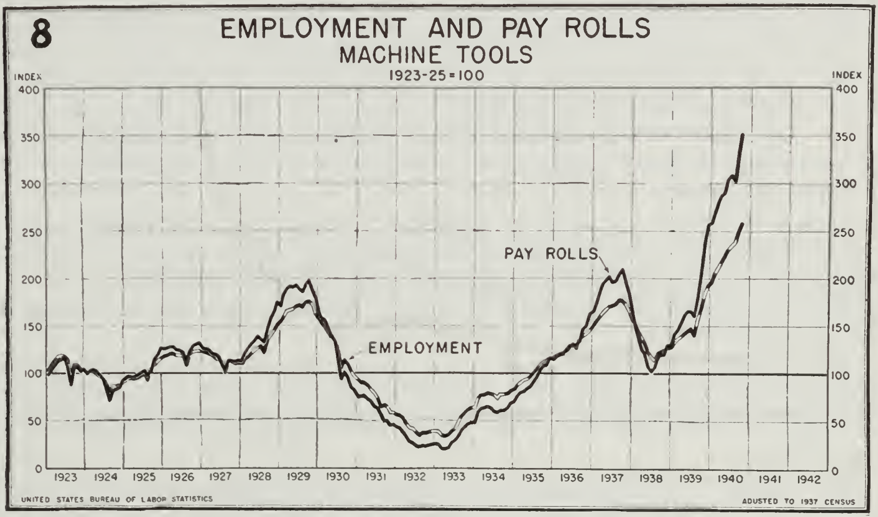


Mr. **Lubin**. In the shipbuilding industry you have a similar picture. Early in 1939 the index was 100. The index today is 195. The pay-roll index was 100, and the pay-roll index today is 241. You have doubled the pay roll two and a half times.

In the machine-tool industry you have a similar picture. We are far above anything we ever had. Pay rolls today are three and a half times what they were in the middle of 1938. Employment is twice what it was 2 years ago.

Those are the outstanding industries that have been affected by defense orders.

(The chart referred to was marked "Lubin Exhibit H," and appears below.)



Mr. **Osmers**. That isn't quite what I had in mind, Doctor, but I am glad you gave us those figures because they are very essential. But I would like to know what proportion of these general increases is accounted for by the very industries that you have separately given us here.

Mr. **Lubin**. I think I have the actual figures with me.

NORMAL INDUSTRIES IMPROVING

Mr. **Osmers**. In other words what I am trying to determine is whether normal industries are getting any better or whether we are just adding to certain defense categories.

Mr. **Lubin**. Oh, they are all getting better.

Mr. **Osmers**. Aside from those purely associated with defense?

Mr. **Lubin**. Yes, sir; of course, they will follow as money goes out in pay rolls; even in nondurable goods we will see a sharp increase in buying. May I give you a few examples of what the increases were?

Mr. **Osmers**. I wish you would.

Mr. **Lubin**. Let us take today over a year ago. Blast furnace and steel mills. The index has increased from 100 to 125.

I will just take some outstanding cases. Structural and ornamental metal work which was in the doldrums and has been for 10 years, jumped from 76 to 85. Wire-work employment increased from 165 to 187. Agricultural-implements employment, from 117 to 134. Electrical machinery, from 97 to 115. Foundry and machine shops, 91 to 106. I have given you machine tools. Typewriters from 124 to 127. That is not as great but it is still an increase. Automobiles, from 107 to 123. Locomotives, from 25 to 39. That still has a tremendous distance to go to get back where it was 11 years ago but it has made a big rise. Aluminum employment, from 168 to 295. Furniture, from 94 to 97. Lumber and millwork, from 63 to 69. Cotton goods relatively little—just about where it was a year ago. Boots and shoes are down slightly, despite Army orders.

Mr. OSMERS. Do you anticipate, Dr. Lubin, that employment in the consumer goods industry will also increase as a result of this?

Mr. LUBIN. Our estimates are to the effect that by Christmas of next year the defense program will have created about 4,000,000 jobs. In other words there will be 4,000,00 people working on defense orders a year from now more than at the beginning of the defense program.

Last summer we estimated that as a result of that there will be an increase of 2,000,000 in employment in those activities which make the things that these defense workers will require.

Mr. OSMERS. Will consume as individuals? You do not mean as factory workers?

Mr. LUBIN. As individuals. In other words we estimate about 4,000,000 direct defense and 2,000,000 indirect, which gives a total of 6,000,000 more people than were employed at the beginning of the summer.

Mr. OSMERS. With such an increase in prospect is it not likely there will be an increase of migration from rural areas to urban areas?

ARMY AND NAVY WORKERS SLEEP ON GROUND

Mr. LUBIN. Of course that has already started.

The Army and Navy have made provision for putting up new plants and in many instances those plants have been located in rural areas. In one case that I have in mind, people by the hundreds and thousands came into a rural area that had absolutely no facilities for taking care of them.

People were sleeping in tents and on the bare ground without cover over them and with little sanitary arrangement. They came not only from the immediate rural areas but many from the larger cities. Incidentally, I feel that some definite action should be taken to prevent contractors who get contracts for new plants for the Army and Navy from advertising for help. I think they should be permitted to bring with them the skeleton crews that they need, people who know their way of doing business, but in terms of rank-and-file workers this idea of advertising in the newspapers that they want people, and then have them flock into an area which creates artificial migration, that is a thing that should be stopped; and I think one way of stopping it is to see to it that the contractors as part of their contract with the Government undertake to use the employment service to the largest and greatest extent wherever feasible.

Mr. OSMERS. Now, has your department compiled any figures as to the amount of new capital investment that will be made under the defense program?

Mr. LUBIN. Well, our figures don't deal with private capital invested. They only deal with the actual expenditures to be made by the Government itself.

Mr. OSMERS. They do not deal with the private investment market at all?

Mr. LUBIN. No.

Mr. OSMERS. Now, when this is all over and when I say this, Doctor, I mean when peace comes again to the world, what will happen to these national defense workers? I am thinking now particularly of those that you just referred to that are migrating from rural areas for the sole purpose of working in a defense plant.

Mr. LUBIN. Well, it depends—I think that is a pretty large bill you have given me, sir. I think it will depend first on the type of peace we have and how it comes about.

I happen to be one of those who are pessimistic enough to believe that this defense program is a long-time program. I don't see the end of it in a year or 2 years, although with the exception of certain battleships most of the contracts call for completion within the next 2 years.

I think the program is going to go beyond that. I think there will be new appropriations and that the program will go further into the future than we anticipate.

DEFENSE PLANTS KEPT AS "STAND-BYS"

Mr. OSMERS. I am tempted to agree with you, Doctor, but I think you will agree with me that some day it must end.

Mr. LUBIN. Yes; I think that various things may happen. I think that in many instances many of the plants that are being erected will—I don't want to use the word "abandon"—but many of them will be kept as stand-by plants. In other words they will no longer be useful except for a future emergency.

At the end of the last war we dismantled a lot of plants, and we have to rebuild them now. It may have been the cheapest way to do it. I don't know.

On the other hand there will be other plants that can be made available for other types of activity. The extent to which the need or the capacity of these plants as well as other plants in the country will be required, I think will depend entirely on what happens in the next year or 2 in terms of the supply of goods that are required for civilian needs.

To be concrete there is a group in this country that feel that by next year there will be a shortage of steel. In other words there will not be enough steel available to meet the needs of the defense industries and the civilian demands as well.

Mr. Osmers. To take a concrete example you would suggest automoblies versus tanks?

Mr. Lubin. Exactly.

Mr. Osmers. Or refrigerators?

Mr. Lubin. Exactly.

Mr. Osmers. There will not be enough tanks for the Government and at the same time enough automobiles for the people?

Mr. Lubin. Yes. Now, I am of the firm conviction that as far as the post-defense period is concerned if we make provisions for that steel now so that we can maintain employment in the automobile industry and refrigerator industry and all the steel-consuming industries, as well as in the defense industries, our capacity to employ workers will be greater than if we throw out of employment people now engaged in meeting civilian needs.

Mr. Osmers. In other words, you would say if it were possible to keep as many of the automobile workers that are now engaged in making automobiles still in the automobile industry, the better off we will be and the less dislocation we will have at the end of this emergency period.

Mr. Lubin. Exactly that. I might put it the other way. They need not be the same people if we need them in making defense things, but others who replace them.

Mr. Osmers. Try to keep the same number of individuals involved making automobiles?

Mr. Lubin. Yes, sir.

Mr. Osmers. In other words, to try to get away from the cannon versus butter theory that we have seen in operation elsewhere.

PLAN FOR FUTURE OF DEFENSE WORKERS

Mr. Lubin. Exactly that. Now, frankly, our ability to make provision for the people now in defense industries, assuming that we get a sudden dropping-off employment in defense industries, depends upon what sort of provision we make now for the future. For example, anybody who has a defense order or who wants to expand his plant can go to Uncle Sam, and Uncle Sam will give him certain privileges as far as depreciation is concerned—permit him to write his plant off in 5 years. But we have done nothing about the depreciation of the man who leaves his job today to go into defense industry. People are leaving their jobs for defense industries. Not only that, but in some instances Uncle Sam is putting up the money to build these plants or in other instances where private capital builds them, Uncle Sam is arranging to pay for them over a period of time. But we have done nothing about the worker who is going into the defense industries and giving up other types of work.

Mr. Osmers. What would you say should be done?

Mr. Lubin. I think that we should have an amortization plan for labor. In other words, there should be, let us say, some addition to the present unemployment compensation scheme in the form of dismissal wage. I think Government contracts should provide that any new workers taken on for defense work should have set aside, in a special account for those workers, a dismissal wage which will be available to them when their services are no longer needed for defense.

Now, if that were on a joint basis, let us say 5 percent put up by the worker and 5 percent by the employer, and a man had a job, say for 2 years—that is 100 weeks. A man earning $20 a week would have accumulated over $200, or 10 weeks' pay, which would be available to him when he is no longer needed by the defense industries.

I think that purchasing power available to him at that time would have a tremendous effect upon cushioning the effect of the let-down in employment.

Mr. Osmers. Has John Maynard Keynes suggested such a thing?

Mr. Lubin. Keynes has gone further than that. He has gone in for compulsory savings of all kinds. In other words, he feels that we ought to cut down every type of consumption we can so that there will be a pent-up demand available. In other words, forced savings.

Mr. Osmers. You have to save it until you can buy something with it? He also would like to see some sort of defense-insurance proposition adopted such as you have suggested?

Mr. Lubin. Yes.

Mr. Osmers. We had a witness in here the other day, Msgr. John A. Ryan, who thought there was merit in the plan but it should not be compulsory.

Mr. Lubin. Of course, my feeling is that there is no merit in the plan until we have absorbed the unemployed who are available for work. I mean, as long as you have a large number of people unemployed who have not been absorbed yet, why do anything to interfere with their being absorbed. I think our job is to get as many people at work as we possibly can and only after we have no unemployed to care for or no problem of unemployment of any large size is the time to start curtailing consumption.

Mr. Osmers. Germany, before the war, and England, since the war, have taken full power over their labor supply. In the event of full employment in the United States, do you feel that the United States Government should also institute a system of priorities over the labor supply of the United States?

Mr. Lubin. Not until we have cut down the number of unemployed.

Mr. Osmers. No; in the event of full employment.

Mr. Lubin. Well, of course, I don't like to see the Government imposing priorities until it is absolutely essential to the welfare of the Nation, and I think rather than impose priorities I would say it should be the function of the Government, in cooperation with the trade unions of the country and employers of the country, to work out a voluntary scheme whereby people could be moved from one type of employment to another.

Mr. Osmers. Well, in the event of full employment I can see a situation whereby the word "established" would hardly be the word to use. There would be hot and bitter competition for labor among various industries and it might take rather a strong hand to control such a situation.

Mr. Lubin. What I would do then would be to use a system of taxation rather than enforced priorities; or the Keynes scheme whereby through popular pressure people put more of their money into savings which could not be used every time we wanted to buy ourselves a new automobile.

We tried that during the last war and we just missed by one step. The idea was that everybody should buy bonds, Liberty Bonds and other types of bonds, and if I had an extra $100 and bought a bond, Uncle Sam would have the $100 to spend and I wouldn't, and therefore I would be out of competition with Uncle Sam in employing $100 worth of labor.

But what happened was that I bought the bond and then went to the bank and borrowed $100 on it and Uncle Sam had $100, and I had a hundred.

I think we should have bonds that could not be discounted during the period of emergency.

SOME SHORTAGE OF SKILLED LABOR

Mr. Osmers. Is there a shortage of skilled labor in the United States at the present time?

Mr. Lubin. Of certain types and in certain areas; yes.

Mr. Osmers. Is it serious or is it large or is it important?

Mr. Lubin. No; it is localized. In other words there are certain areas where you cannot get the type of labor you want when you want it. Now, I would like to point this fact out, however, that in some instances where there have been shortages those shortages have automatically corrected themselves by the employer making it known that he has changed his age standards.

I know of one plant, for example, that was short of skilled workers. They had an age limit of 40. They increased that to 55 and the shortage disappeared.

Mr. Osmers. That would, of course, be an artificial labor shortage.

Mr. Lubin. And I think a large number of these artificial labor shortages in too many instances is due to the fact that industry is still thinking in the terms of 1933 to 1939. In other words, in those days the employment manager could go to the window and whistle, and an unlimited supply of skilled labor would show up. During that period they could make their standards more rigid. They could pick more carefully. There were age limits and a lot of other limiting factors—color, race, all of which in times like these limit the supply of labor available.

I feel that some of the shortages that we hear about today can be eliminated. They are artificial and are created in some measure by artificial restrictions.

In some industries of course that is not so. There are particular crafts such as lens grinders. We just don't have anywhere near enough of them. The reason is we have never needed very many lens grinders. Then all of a sudden we develop an industry where lens grinders are needed.

Mr. Osmers. In the event that we should have full employment, and in the event that we should have competitive bidding for labor, would you say that the Federal Government should exercise control over the labor situation, possibly by setting standard wages and hours in certain essential defense industries?

Mr. LUBIN. I don't think the Government should do that. I think industry and organized workers should agree among themselves what the standards should be.

Mr. OSMERS. And in the event they did not what would you suggest? You are an optimist with respect to some of those things. I am thinking now of the strikes that have occurred in defense industries at a time when there is every incentive for not having a strike.

FEW DEFENSE STRIKES

Mr. LUBIN. If I might make a statement on that particular point——

Mr. OSMERS. Go right ahead, Doctor.

Mr. LUBIN. There have been fewer strikes and there have been fewer days lost due to strikes during the 5 months from May to October during which the defense program was under way, than there were for the same 5 months in 1916 when we were geared for armament production for the Allies, and during the same 5 months of 1917 when we were in the war. There has been no important strike in any defense industry in the United States of any significance with the exception of two which occurred within the last 3 weeks, one in a relatively small airplane factory in California and one in the aluminum industry. In one case there was a 4-day strike and in the other case a 7-day strike. As far as the strike record of the country is concerned, I think both employers and laborers are to be congratulated. I think they have done a remarkable job and if it were not for that particular strike in an airplane factory I doubt whether we would have heard a thing about labor difficulties.

Mr. OSMERS. I do not personally believe that labor should be deprived of its right to strike. I believe that every safeguard against a strike should be placed, however, in a contract that is humanly possible to put in—every opportunity for mediation and every provision for it, but do you agree that their basic right to strike should be preserved?

Mr. LUBIN. Absolutely. After all, in many instances that is the only protection that labor has.

Mr. OSMERS. You do feel though that in our defense contracts we should make every possible provision to avoid a strike?

Mr. LUBIN. Yes; I think so. I think that the employers and workers in their joint agreements should make provision for voluntary arbitration of any question that arises during the life of the contract. That is standard practice in every good trade-union contract. It is as true of the A. F. of L. as of the C. I. O. All modern, good labor contracts make provision for arbitrating any dispute that arises out of the interpretation of the contract during its life.

Mr. OSMERS. When business conditions pick up and employment opportunities increase is it not true that labor turn-over and migration from one place to another increases?

Mr. LUBIN. Yes. I have some interesting figures that I brought with me which might give you some idea as to what has happened right here in the District of Columbia.

We have in Washington, as you know, a navy yard. We have been trying to find out where the new employees in that navy yard have been coming from. We took only skilled workers, namely, machinists, tool makers, and instrument makers, for the period of 3 months, June, July, and August, and here is the story:

Of the 95 skilled workers who were hired, taken at random, 1 came from Alabama, 1 from California, 1 from Connecticut, 1 from Florida, 3 from Illinois, 1 from Indiana, 1 from Iowa, 18 from Maryland, and 1 each from Michigan, Minnesota, and Missouri. Eight came from New York and 5 from North Carolina. Four from Ohio, 15 from Pennsylvania, and 1 each from Rhode Island, Tennessee, and Texas, and 2 from Virginia. There were 4 from West Virginia, from Wisconsin 4, from the District of Columbia 4, and 16 unspecified.

Mr. OSMERS. How many States are represented there, Doctor?

Mr. LUBIN. Twenty-three States which cover 76 people and the balance unspecified.

Mr. OSMERS. In other words about three from a State?

Mr. LUBIN. Yes.

Mr. OSMERS. I would like to make the observation that employment seems to cause as much migration as unemployment.

MIGRATED TO WATERTOWN, MASS.

Mr. LUBIN. I have the same data for 170 skilled workers at the Watertown Arsenal in Massachusetts, outside of Boston.

Mr. OSMERS. How many workers involved?

Mr. LUBIN. One hundred and seventy. One from California, 10 from Connecticut, 1 from Maine, 2 from Michigan, 1 from Minnesota, 3 from New Hampshire, 2 from New York, 3 from Pennsylvania, 3 from Rhode Island, 3 from Vermont, and 141 from Massachusetts.

Mr. OSMERS. The gentleman from Nebraska and I, from New Jersey, are waiting for our States to be mentioned.

Mr. LUBIN. They are going into your States.

Mr. OSMERS. Could you give us the ratio of the number of men employed in durable- and non-durable-goods industries?

Mr. LUBIN. I think I can. It will run about 8 for the durable to 4 for the nondurable.

Mr. OSMERS. In the general relationship 8 to 4.

Mr. LUBIN. Yes, sir.

Mr. OSMERS. About one to one?

Mr. LUBIN. Yes, sir.

TRAINING OF APPRENTICES

Mr. Osmers. I wonder if you would care to give your views Dr. Lubin, on vocational training. The committee has in nearly all its hearings been confronted with the lack of vocational training information for American youth. I wonder if you have any views on the subject.

Mr. Lubin. Of course, the problem of vocational training is very much like the problem of apprenticeship training. When there are no jobs for people it is hard to get people to take an apprenticeship course. It is hard to train apprentices when you don't have any journeymen working who can train them. And, of course, during the past 10 years neither industry has wanted to go to the expense of training apprentices nor has labor seen any necessity for permitting new apprentices to be trained when labor itself had difficulty in finding jobs for its already skilled workers.

Such vocational guidance as we had, had grown up along given lines; and the type of vocational guidance that was available was determined by the type of equipment available, for the most part was woodworking equipment, printing equipment, and things of that sort.

The number of vocational schools in America, which at the beginning of the defense program were equipped to give good training in metal work, was very, very small.

During the defense program an attempt has been made to increase the facilities of these schools so that training can be given for industries where these workers will be required.

Mr. Parsons. Just in that connection, Dr. Lubin, we are training a great many youth now through the N. Y. A. and private schools, and so on, for one or two simple operations in certain lines—certain occupations. Aren't we creating a new problem for us whenever this defense program is over with when they have been taught only one or two operations? They will not be efficient, skilled workers.

Mr. Lubin. Well, of course, your problem of training an efficient, skilled worker through the apprenticeship route is a slow, long-time program. In some instances it takes 2 or 3 years to make a full-fledged journeyman.

Mr. Parsons. And we have neglected that kind of training.

Mr. Lubin. Very definitely, for 10 years. The Department of Labor has done the best it could to expand apprenticeship work. It has done a very good job.

Mr. Parson. The European nations have been far ahead of us because of more than a century of training skilled workers.

Mr. Lubin. Yes; and we have been particularly laggard in the last 10 years. In fact prior to the establishment of the apprenticeship division in the Department of Labor there was no organized way of even stimulating the apprenticeship training of the country.

Now, we are faced with this situation: If we are going to have to add 6,000,000 people to the industries of this country to take care of our needs for the next year, we cannot wait long enough to train all the skilled people required. It does not mean, however, that hand in hand with a vocational guidance system you should not push the apprentice system so that 2 years hence we may have a sufficient supply of highly skilled people to carry on.

Mr. **Parsons**. Right in that connection, what is the difference between the new method of handling skilled labor by what you might call the upgrading of labor and the old method?

Mr. **Lubin**. Well, one grows out of the other, in a sense. The present method of upgrading starts out with an assumption that you have an order to fill. That order requires you to have a certain number of milling-machine operators, let us say, or automatic screw machine operators. Now, in the past when you needed automatic-machine operators you went to the employment service or advertised in the papers or told somebody in the plant you had a job open and he brought somebody in. In other words you brought in new people. Now, you cannot do that any longer. The men that are needed are not available in many areas. The idea of upgrading is to have the employer pick somebody who is doing a job which isn't highly skilled. The worker selected may be operating an ordinary lathe, or he may be a riveter. But he is a person who has ability, who seems to have mechanical sense. The idea is to give him additional training so that he can be moved from the semiskilled job to the more skilled job.

It may not be a highly skilled job, but the idea is to move people up and to save time, and then bring in new people at the bottom rather than bring people in from the outside to fill the top jobs.

Mr. **Osmers**. It is based upon promotion of their present employees?

Mr. **Lubin**. Entirely that.

Mr. **Osmers**. That is all.

The **Chairman**. Dr. Lubin, do you think the principle of the ladies' bonnets mentioned by you applies equally well to agriculture?

AGRICULTURE EXEMPT FROM MIGRANT CARE

Mr. **Lubin**. Exactly. I think one of our difficulties has been that we have—I would not say one of our difficulties, but one of our problems that has arisen from the fact that we have exempted agriculture from the responsibility of taking care of those people whom they need only for certain months in the year and whom they expect to have back again year after year.

Somebody has had to provide for those people during the time they are not wanted. We haven't organized our industries so we can dovetail their activities so that when they leave agriculture they can go into something else. The result is that these agricultural workers become a burden upon he community where they happen to be at the moment. I feel that at least large-scale agriculture should be subject to unemployment compensation and the Wage and Hour Act and I would even go so far as to say they should be subject to the Wagner Act.

The **Chairman**. I was very much interested, Doctor, in your thought regarding displaced workers on account of mechanization. In other words, in this country we have taken care of the creatures of man like iron and coal and steel passing through the States and between the States. We have given them a status. We have given them technical regulation through interstate commerce, but we haven't done so very much for the interstate commerce of human beings.

Mr. **Lubin**. Nothing at all.

The **Chairman**. Have you any idea why that is always the last to be considered?

Mr. **Lubin**. I suppose that is one of the—I don't know just how to describe it—it is a commentary on our civilization.

The **Chairman**. There is no business firm of any account at all that does not charge off depreciation for their buildings and for their machinery.

Mr. **Lubin**. They would go bankrupt if they didn't.

The **Chairman**. But you have never heard of any of them charging off for human depreciation?

Mr. **Lubin**. Maybe that is the answer. If they didn't charge off their buildings they would go bankrupt and lose their property. They have never been made to charge off labor, so nobody has done anything about it. In other words if they knew they would go into bankruptcy if they failed to make provision for their human resources they might be more interested in doing something about it.

Mr. **Curtis**. Do you care to comment on whether or not there is going to be a tendency for decentralization of industry due to the national-defense program, especially in those phases that are apt to become permanent?

Mr. **Lubin**. There is a move on foot now to decentralize the defense industries wherever possible. For example, when the Army or Navy wants to erect a new plant, whether they are going to do it through contract or do it directly themselves, for the making of powder, or the loading of munitions, or things of that sort, the site is submitted to the Defense Commission for its approval.

The Defense Commission has, through its various members, checked on these sites in terms of labor supply that is available, and the Commissioner in charge of agriculture and the Commissioner in charge of labor have been very, very careful to see to it that wherever possible these plants be put in the areas where there is already a surplus of labor so that these new plants will not be put up in areas where you would have to bring in large numbers of new people, and after you got them there build homes for them, when there are other places where the same technical resources are available, namely, water power, transportation, as well as labor and housing. As a matter of fact both the Commissioner in charge of agriculture and the Commissioner in charge of labor have not only been very anxious to see to it that plants go to such places, but they have been seeking places out where such plants could go in the event that the Army comes to them for ideas for the erection of new plants.

"GHOST TOWNS" FOR DEFENSE INDUSTRIES

Mr. **Curtis**. Now, assuming that all of the factors of transportation, power, and water, and so on are available, do you favor the placing of defense industries in the industrial areas, or in what might be termed "ghost towns," or do you think they should be moved or placed in those areas where there is a supply of labor due to displacement, and where there is a very definite need for supplemental income?

Mr. LUBIN. In terms of defense, as such, the first advantage of the "ghost town" is that the plant is there. You save time. Secondly, the supply of skilled labor in many instances is there—you don't have to train anybody, you don't have to bring anybody in. The housing is also there, and if you are thinking in terms of getting defense products made as fast as you possibly can get them, I would say yes.

Mr. CURTIS. Isn't it true that most of the defense housing projects have been necessary in those areas which ordinarily are considered in the industrial area.

Mr. LUBIN. But not in ghost towns. Most of your housing projects have been in areas like shipyard areas where you had a sudden increase in employment. In those places you had to increase your labor supply very markedly and most of the housing activities are in those areas.

We haven't availed ourselves of any ghost towns yet. If we have an alternative between a ghost town with a skilled labor supply and available factory equipment I would give preference to the ghost town.

On the other hand, if the problem is one which requires building a new plant anyway and does not require a very specialized type of high skill—in other words, a type of skill that can be developed rather quickly in the agricultural areas, then I would say that the agricultural areas should be selected every time.

Mr. CURTIS. Do you have any figures to show that the agricultural areas do not have any skilled labor available among the people who have gone some place to live when they lost their jobs at home?

Mr. LUBIN. No; I don't think there is a single agricultural area in the country where there is no skilled labor. But when you have to get 1,000 skilled people from a relatively small radius then your problem might become an acute one.

Mr. CURTIS. But there is a definite saving in building and land and housing cost in the rural areas, is there not?

Mr. LUBIN. Insofar as the rural area is within a reasonable commuting distance and can furnish the labor that you need.

I ran across a case the other day. One of my men reported to me that he had been up North visiting a shipyard and they said they had no problem securing labor. They said their people like to drive back and forth to work. They have some people driving as many as 35 and 40 miles a day each way. Well, I am not so sure that they are going to like to drive over snow and ice 40 miles each way and add anywhere from 1 to 3 hours to their working day, going to and from their job. There is a limit to the commuting area. Insofar as skilled labor is available in a given commuting area, if the type of work to be done is of such a nature that you can meet your labor needs from the existing population, and if the type of plant required is of such a nature that you would have to build it anyway, no matter where, then I should say we should give the rural areas first choice. And, in fact, I would select rural areas every time.

Mr. CURTIS. There are many rural areas where there is an ample supply of labor as well as a great need for supplemental income due to periodical drought and other such conditions. Would you favor locating defense program plants in such areas provided there was an ample supply of labor as well as a great need for supplemental income in that territory?

Mr. LUBIN. I would say that in terms of so-called semiskilled labor, namely, the machine operator, your potential labor supply in the rural areas is as great as you will ever need.

I was impressed when I saw the so-called migratory workers in California and Arizona last spring. The fact is that these boys had come with their families from Nebraska, Iowa, Arkansas, Alabama, and Oklahoma in a 1923, 1924, or 1925 model car. When I was talking to some of the airplane people in Los Angeles, I said:

> Why don't you give these boys jobs? You need labor.

There was a hesitancy. They said they were not good mechanics.

My contention is that any man who can go from Nebraska to Los Angeles in a 1925 Ford without any money in his pocket must be a very good mechanic.

Mr. CURTIS. This morning we had before us two Kansas boys, one 20 and one 22. They were mechanics working in Baltimore and both moved half way across the continent because there were no such opportunities anywhere near where they lived. Both preferred to be back in the Great Plains where they might be of some assistance to their parents and where they preferred to live.

Mr. LUBIN. That is one of the things we are doing in the Labor Division of the Defense Commission, namely, to find ways of mobilizing the resources of rural areas.

Let me give you a concrete illustration. I shall not name the city but there is a city in the Middle West which is not an industrial center in the sense that it has any large industries. I think it has one plant that employs as many as a thousand people, but within a radius of 60 miles of that community are all sorts of little machine shops.

One of the people from that city has made a survey of the facilities of some 71 plants, large and small, within a radius of some 50 miles. He knows what machinery is there. He knows what they have made in the past.

WOULD SPREAD PLANT PRODUCTION

Now, one of the things that our Division is trying to do in the Defense Commission is to see whether we can coordinate these small plants. In other words, can we, among those 71 plants, find one product which could be so subdivided that each of them could have a little work to do and feed it into a central point where it could be assembled.

That is quite different from the so-called subcontracting system where you give one large contract to a contractor and he goes around looking for subcontractors.

Our idea is to get the subcontractors, figure out what they can feed into the central plant, and then determine the product and see if we cannot get an order on that basis.

The city I mentioned is in the heart of a rural area. We are trying to do the same thing in some of the northwestern areas. The equipment is there, the population is there, the housing is there, the inhabitants of the immediate community need supplemental income.

Now, how can we harness all of these things, particularly when we need their services?

MEN OF DRAFT AGE DENIED JOBS

Mr. Osmers. Dr. Lubin, during the World War approximately 500,000 Negroes came from the South to the North to seek employment in war industries.

Charges are being made today that Negroes are being discriminated against in defense industries. Are those charges true?

Mr. Lubin. I cannot answer that question. Certain complaints have been brought to our office in the Defense Commission. In one instance it was said the charges were not true, but the situation was cleared up. In other words, what happened was that the employer concerned said the charge was not true and the next day proceeded to hire some Negroes.

Mr. Osmers. I know in my congressional work I have had several instances of discrimination brought to my attention, and while we are on the subject of discrimination against labor in defense industries, there have been instances that have come to my knowledge where workers of certain nationalities and extractions have been discriminated against.

I think they were cured by somewhat the same method that you have mentioned. I know I have called it to the attention of the management and they went into very long denials but started to employ some of these people very shortly thereafter.

Now, another situation that has arisen, and I am sure you must be very conscious of it, a great many industries in the United States will not employ single men between the ages of 21 and 35 if they believe they may be drafted.

Now, is there some solution for that situation or are these young men to be told that they should be among the unemployed until they are called for the draft?

Mr. Lubin. I have had that same charge made to me about some Government offices. I have no evidence as to the validity of the charge. I even have had people say to me that they understand that some offices are not taking anybody who might be drafted.

Mr. Osmers. I have not heard that charge in connection with any Government office.

Mr. Lubin. It came to me through an individual, and as I say, I haven't investigated it. I don't know whether it is true or not. It may be that this person was just dissatisfied because he could not get a job. But I have heard the charge made. We have not received such charges at the Defense Commission.

Mr. **Osmers**. You have not?

Mr. **Lubin**. We have not. The first time I heard of it, as I say, was concerning the Government itself.

My practice at the Bureau of Labor Statistics is to give preference to such a person if for no other reason than that he deserves employment more than somebody else because of the sacrifices that he is going to have to make by serving in the Army.

If you are going to refuse to give a job to a person because he is of draft age and leave him unemployed and leave him dissatisfied, what kind of a draftee is he going to be once he is in the Army?

Mr. **Osmers**. I can cite you, Dr. Lubin, and I know the files in my office would carry a dozen instances of actual cases, places, names, dates, and plants and, of course, I can see the employer's side of it, too. If a man is to be drafted in 6 months or a year, it is understood that probably the first 6 months of his employment the employee would not be of great commercial value to his employer and just at the time when he might become of some value to him he would leave for a year.

Mr. **Lubin**. Of course I cannot see that. I am an employer of 300 people and of course it is not my money that I am spending. The fact is that when a good man comes in today and learns the routine of my Bureau and is taken away 6 months or a year hence, I am put in an embarrassing position because I must replace him and train a new person. But if I am unwilling to help maintain the morale of the fellow who is going to be drafted, then I am not fit to be an employer.

Mr. **Osmers**. I think you will find there are many many instances of that.

Now, have you found draft boards generally are taking exceptions of young men who are employed in the essential war industries?

Mr. **Lubin**. Very few cases have been brought to our attention by employers where men were not being exempted who were deemed essential.

Mr. **Osmers**. I have had no definite case brought to my attention; I was just asking the general question. Do you expect there will be a great many employment opportunities for women in industry as a result of the defense program?

Mr. **Lubin**. Yes; I think that the actual employment of women will increase. For instance you take the airplane industry. There are virtually no women employed in the airplane industry and yet there are a lot of processes in the industry that women could do equally well. Once you get to the point where the unemployed semiskilled workers are absorbed in increasing numbers and it become difficult to meet labor requirements, I think that the number of women employed will increase very markedly.

Mr. **Osmers**. Would you care to make any guess into the future, Dr. Lubin, as to the probable amount of money that the Federal Government will have to spend annually to maintain full employment?

Mr. **Lubin**. I don't know that.

Mr. Osmers. Do you feel that there will always be the necessity for the Federal Government to include large sums in its budget for the purpose of employing idle Americans?

Mr. Lubin. No; but that depends somewhat on what you mean by large sums.

Mr. Osmers. I mean in the billions.

Mr. Lubin. I don't think it need to run into billions. Each time the head of a family gets a job the necessity of his wife seeking a job or his daughter or his soon seeking a job decreases.

The records will show what effect employment has on unemployment. In other words every time you add a person to the pay roll you subtract more than one person from the unemployed. I say more than one person from the unemployed, because when a father is unemployed he may have three children seeking employment. When he finds a job two of them may go back to high school.

Mr. Osmers. Thereby with one job you have taken three people from the unemployed rolls.

Mr. Lubin. Yes.

Mr. Osmers. That is all I have.

The Chairman. Thank you very much, Dr. Lubin. Your contribution has been very valuable and we thank you very much.

Our next witness is Mr. Eliot.

Mr. Eliot, will you please give your full name and in what capacity you appear here?

Mr. Eliot. Charles William Eliot, Director of the National Resources Planning Board.

TESTIMONY OF CHARLES WILLIAM ELIOT, DIRECTOR, NATIONAL RESOURCES PLANNING BOARD

The Chairman. We are very pleased to have you appear before this committee, and the distinguished gentleman from Illinois, Mr. Parsons, will interrogate you.

Mr. Parsons. Mr. Eliot, you have a statement which has just been presented to us. Do you desire to read the statement and then answer any questions that may come to us?

Mr. Eliot (reading):

> The National Resources Planning Board, which I serve, has followed with great interest the study of migration which your committee has been making and is glad to have been of some assistance in providing materials and information through its past reports and the testimony of the members of its staff. As you are, of course, aware, the Board is required by law to be informed of "the trends of business and employment in the United States or any substantial part thereof" and to make recommendation to the President as to the need for Government action.
>
> We have noted that your committee has found that the study of migration inevitably involves the forces which produce migration—for example, you have heard about the changes in agricultural practices and industrial practices which have resulted in the displacement of workers. These people have been joining the ranks of those who move from one place to another in order to find an opportunity for earning a living.
>
> ### REPORT ON TWO PHASES OF MIGRATION
>
> Two aspects of this problem have previously been reported upon by the Board and its predecessors, and I understand that the resulting reports on problems

of a changing population in 1938 and on technological trends in 1937 have been of some use to your investigators and their research staff. I have copies of those reports here today, and, of course, would be delighted to make them available to the members of your committee.

The Board has also been glad to have their current materials made available to you in testimony which your committee heard on the west coast when employees of the Board testified from their own experience. As part of your records, you have a statement from the Pacific Northwest Regional Planning Commission and the individual testimony of some of our staff in that office and in our California office. That testimony indicates the way in which industrial and agricultural changes are directly related to the specific problems of the Great Plains, the Pacific Northwest, and the California area.

The Board has been concerned with the problems of "removal" migrants from the point of view of the places from which they leave as well as of the places to which they go. Through our field offices and special regional committees we have made a series of planning studies—in the northern Great Plains, the valley of the Red River of the North, and the northern Lakes States cut-over area. These planning investigations are intended to develop the possible lines of action for Federal, State, and local governments to stabilize the economy in those areas and to provide economic opportunities that go with at least a minimum standard of living.

RESOURCES BOARD STUDIES MIGRATION

As you may know, the Board now has under way a further major study requested by the President which deals with another of the principal problems now before you. I refer to the unsettled migrants who need public aid or relief but who have no settled residence. I regret very much that I am unable to give you this afternoon the results of the findings of our advisory committee on long-range work and relief policies. Their study is not yet complete, and a statement of findings at this time, therefore, would be premature. The technical committee in charge of this study is composed of William Haber, chairman, executive director of the National Refuges Services, New York City; Fred K. Hoehler, director of the American Public Welfare Association, Chicago; C. M. Bookman, of the Cincinnati Community Chest; Dr. Will W. Alexander, Farm Security Administrator; Corrington Gill, Work Projects Administration; Miss Mary E. Switzer, assistant to the Federal Security Administrator; and Dr. Katharine F. Lenroot, Chief of the Children's Bureau, Department of Labor.

You will note that this committee, like all our technical advisory groups, is composed of specialists from both inside and outside the Government. It acts as a clearing house of facts and opinion. A large part of the work of the committee is being done in the Federal agencies concerned, through cooperative agreements and understandings. The Board relies heavily, in all its work, on this kind of cooperative assistance.

This relief committee, as we call it, has mapped out a study with major headings as follows:

Chapter I. Why a Relief Study?
Chapter II. The Problem We Faced, 1930–40.
Chapter III. The Evolution of Policy and Programs, 1930–40.
Chapter III–A. The Programs Operating in 1940.
Chapter IV. The Relief Population.
Chapter V. The Operation of Contemporary Programs from the Point of View of the Economically Insecure Population (it is now contemplated that Chapter V will have to be presented as two chapters).
Chapter VI. The Administration of Contemporary Programs.
Chapter VII. The Financing of Relief.
Chapter VIII. The Economic Repercussions of Contemporary Relief Policies.
Chapter IX. Accomplishments and Shortcomings of Contemporary Programs.
Chapter X. Summary of Findings and Recommendations.

It is hoped that the report on this study may be available for the President early in the new year.

You may be interested to know how these planning studies are set up. You are doubtless aware that the National Resources Planning Board is a part of the Executive Office of the President and that it consists of three members named by the President. Its regular continuing activities are prescribed by the Employment Stabilization Act of 1931 and its duties are set forth in an Executive Order along with those of the other administrative arms of the President's office—the Bureau of the Budget, the White House staff, the Office of Government Reports, etc.

The Board is the successor of a series of organizations with similar names and of the employment stabilization office which was set up in 1931. Its principal duties are to make studies or plans for various problems referred to it by the President, prepare the Federal 6-year program of public works, and to cooperate with planning agencies and Federal bureaus and departments, regional planning bodies, and State planning boards. The Board and its predecessors have operated during the last several years with a very small nucleus staff under a director and three assistant directors, through ten field offices, and a series of special technical committees. It tries to bring together groups of technicians and specialists from both inside and outside the Government to prepare carefully documented reports on major issues confronting the Nation. It has relied heavily on part-time consultants, and from the beginning has avoided the organization of any large continuing staff in Washington.

Since the Board has a continuing responsibility in the field which your committee has been exploring, we will continue to follow your activities and findings with the greatest interest.

TESTIMONY OF CHARLES WILLIAM ELIOT—Resumed

Mr. Parsons. Will you explain to us what your duties as director of the Board and something of its personnel and what studies you have made or are attempting to make with reference to the migrant problem?

Mr. Eliot. Mr. Parsons, our Board is part of the Executive Office of the President. It consists of three members appointed by the President and confirmed by the Senate.

They have a staff with a director and three assistant directors and a small nucleus organization here in Washington and in 10 offices scattered over the country.

It has been the policy of the Board to rely upon technical committees with representatives of the different Federal agencies concerned in any particular project and specialists from private life who are called in on a consulting or part-time basis to advise in the preparation of reports.

The work of the Board is outlined in two basic documents, the Stabilization Act of 1931 and an Executive order of the President in which he sets up the duties of his Executive Office.

Under those two orders or statements of purpose the Board conducts special studies and investigations of problems from time to time as they are referred to the Board by the President.

These studies are all related to the resources of the Nation in terms of both national resources and human resources.

We have noted in the work of your committee that you have gone beyond the obvious phases of migrants to the causes of migration. Our Board is similarly concerned with the causes and the backlog or the background that has brought about this phenomenon of a large migrant population.

Mr. Parsons. Your Board has also been interested in a long-range planning program for the conservation of our national resources and for an orderly development of our latent powers such as water and natural underground resources, and in the long-range planning, of course, you have come across this very serious migrant problem.

Now, the committee knows something of your work and the work of this Board and your duties and the work you have done. It is very interesting and I wish we had time to have a discussion upon that in detail, but since this committee is only investigating the migrant problem I would like to have you present to the committee your observations and the observations of the Board with reference to the migrant problem, together with any recommendations that you care to make, or if any further study is being made about when we might expect that to be completed and what recommendations might be included.

Mr. Eliot. The past actions of the Board I can release to you, but not their current recommendations, since they are a part-time agency and they are not here in town and I haven't been able to consult them since I was asked to come up here.

In the past the Board has made two or more special investigations which are direct in line with the work of this committee, who are perhaps familiar with the report on technological trends or the rise and types of various employment, due to technological progress.

I have here a copy of the report which I would be delighted to give to the committee and also a digest which puts it down in more understandable and briefer form; another large report which we got out 2 years ago deals with problems of changing population and has a number of sections in it on economic opportunities in relation to population problems, and that deals particularly with the large migration out of rural areas, particularly the south Appalachian highlands to the industrial center areas. It has been going on and is likely to increase in the years to come.

REPORT ON NORTHERN GREAT PLAINS

A third report in which you may be interested deals with the future of the northern Great Plains. We were concerned as to what caused these migrants to move out of the Great Plains and what possibilities there might be of establishing a more stable economy in the area to make it unnecessary for some of the people to move, or to give those that remained a more permanent and satisfactory mode of life.

Through a special allotment of Public Works funds we have been making a special study of what happened to the migrant when he got into the Pacific Northwest and what opportunities there might be for him in the way of permanent settlement and permanent habitation.

That kind of work has also been carried on in the northern Lake States area, in the cut-over region, as it is called, where there is a serious problem of insufficient resources and hence migration has come up, which is the coming and going type of migration rather than an all-out migration such as characterized parts of the Great Plains.

Those reports indicate the type of work which we have been doing there. We are now engaged on a large-scale study requested by the President on long-range work and relief policies. I have here the chapter headings for that study. I am sorry I could not bring you the study. It is still in preparation, and it would be premature to hand it over to the committee at this time.

Mr. **Parsons.** Will that be ready around the first of the year or will it be sometime in 1941 before it is published?

Mr. **Eliot.** We are trying to get it to the President in the next calendar year—early in 1941—with the hope it may be useful to Congress during the coming session.

Mr. **Parsons.** That would be soon enough for this committee and for the Congress to consider whatever recommendations you have in this study, and to guide the Congress in any legislation that it may see fit to pass.

Mr. **Eliot.** We hope it will help.

Mr. **Parsons.** Now, what did you find to be the causes of these three great areas—the migration in them that you have just described?

Mr. **Eliot.** Well, these reports that I have referred to on the Great Plains and the northern Lake States and in the Pacific Northwest deal with different aspects of the situation for those particular areas.

WOULD STABILIZE PLAINS ECONOMY

In the northwest plains I don't need to tell the Congressman from Nebraska what the problem is. You have been out there yourself. We were trying to suggest some way of stabilizing the economy through the provision of water and the encouraging of a cattle economy as contrasted to exclusive reliance upon wheat or any other single crop. The report suggests a number of specific projects under the Water Facilities Act and the Wheeler-Case Act which might be undertaken to improve the balance in the economy and to provide a more stable living for those who remain.

In the case of the northern Lake States cut-over area, quite a different policy was suggested under the development of recreational facilities and of the restoration of the forest cover and of larger holdings of farm property so as to make it possible for a farm family to get a better living off of a single farm than is now possible in the very small areas which most of them own. The approach there must be a different approach. It requires a different kind of solution for that problem.

Mr. **Parsons.** In your studies, including all of the States of the Union, have you found any large area of agricultural lands that could be made productive for the resettlement for any large number of these people who are used to the soil and would prefer to live on the soil and cultivate it, where we might resettle a large number of them?

Mr. **Eliot.** In the investigation which the predecessor Board made in 1934, a number of areas were indicated as being possible for future agricultural development. But since 1934 the nature of the agricultural activities and the technological developments I suspect would have invalidated many of those suggestions. I would hesitate to make any categorical answer to that question, not having had any more recent material to work from than 1934.

Mr. **Parsons.** We have had some witnesses from Wisconsin and Michigan, and one in particular, that purported to know of two or three counties in those States of cut-over lands that would be suitable for agricultural purposes. This one witness started off by saying that they were advertising and inviting people to come there. They claimed the character of the soil was sufficient for a long-range productivity, and that was one of their answers to the problem—they could take care of several thousands of these migrant families in that area. That is what prompted my question to you whether this Board had had an opportunity to study the more or less uninhabited areas with a view of the resettlement of a large number of these people.

Mr. ELIOT. We relied in all of our studies on the work of the various Federal agencies directly concerned with the problem. The Board doesn't do any original research for itself except in a very limited extent. It relies upon the Department of Agriculture or the Department of Interior, or whatever the appropriate agency is, and brings together the opinions and the possibilities from those sources.

Our job is a correlating activity—a clearing-house activity rather than an original research activity.

Mr. PARSONS. But you do agree that this migrant problem is a national problem?

MIGRATION IS NATIONAL PROBLEM

Mr. ELIOT. It certainly is, and one in which the Board is very keenly interested and anxious to help your committee on.

Mr. PARSONS. Will you agree that the Federal Government should give grants and aid to the States in assisting in not only the destitute migrants but in a general program of relief?

Mr. ELIOT. I am not qualified to give an answer to that. The study is in process at the moment, and I certainly am not in a position to anticipate the findings of the committee.

Mr. PARSONS. Well, I think the committee will be vitally interested in the study that is being made now and being compiled, and I hope that the Board will make available to the members of the committee that report when it is published so that the committee may have the benefit of it.

I think that is all, Mr. Chairman.

The CHAIRMAN. Mr. Eliot, in going about the country I have traveled over 10,000 miles a year, and I have followed this problem but, when the newspaper boys interview us, about the second question will be, "What is the solution?"

When the story unfolds itself to me this migration of destitute citizens between States brings me to the conclusion that the causes are connected with every economic dislocation in this country. There are many reasons for it—worn-out soil and mechanization, unemployment, and various other causes. So there cannot be any single solution, but certainly we can do a little better than we are doing today when we consider 4,000,000 people last year were going from State to State in their search for employment. We can do better than that. Probably the first attack should be on these private employment agencies who take the last dollar of these migrants and shoot them across State lines with misinformation as to employment.

We can do something about that. These millions of people who are migrating about the country are 90 percent American citizens, and to keep kicking them from State to State strikes at the morale of this country. But what I am trying to get at is this: In doing it there must be two approaches and you must agree with me on that. There will be the short-term approach. That is what we are going to do immediately for them.

For instance, the 900,000 who were let out of W. P. A. There also will come a time when the farm is worn out and where the cows go and the chickens will go and they will not starve standing still, so they move.

Now, it does seem to me that the Federal Government can do better than we are doing. We at least can give them authentic information of inventories where there are jobs and where they can locate themselves. We certainly can approach those two things almost unanimously, can't we?

Mr. ELIOT. I should hope so.

The CHAIRMAN. Now, then, your long-term, of course, will be what we can do to keep them home. The Farm Credit Administration is tackling that now. They are taking care of 500,000 by making loans to them, but there is still a million more waiting. You have your resettlement and as you mentioned irrigation and things of that kind, but from all the testimony we have heard nearly every witness agreed to the proposition that this problem of migration between States is going to grow and not decrease.

Just think of a million people from the Great Plains States, who have left their homes in the last 10 years. They have left what was once productive soil and fine farms. On 5,000,000 acres, 25 percent of the top soil is gone.

So, I am very glad that you said that you considered it a national problem and that no State alone can handle the situation. That is positive, isn't it?

Mr. ELIOT. Absolutely, sir. It is a national problem of major importance in the wise use of our human resources. If we don't take care of that, what is it all for anyway?

The CHAIRMAN. We have neglected this problem to such an extent that the various States are erecting barriers in self-defense against this migration. The witness who just preceded you named 23 States where these men left to come to the District of Columbia to work in the navy yard. We must give attention to this problem because these men are good American citizens—90 percent of them—and it seems to me that we can do much better than we are doing.

For 150 years the Interstate Commerce Commission has taken care of commodities passing between the States but nothing has been done for the human being in interstate commerce.

STATE DEPORTS CITIZENS OF UNITED STATES

We started our hearings in New York to get away from the idea that it was solely a California problem alone. That is all we heard when we tried to get this through Congress. We were told it was a California problem. Mayor LaGuardia testified that New York had deported 5,000 out of the State last year and spent $3,000,000 in taking care of them. We are hopeful of devising some legislation that will clarify the situation and give our American citizens passing from one State to another a little different status than they have now.

If we can do that I think we have accomplished something, don't you, Mr. Eliot?

Mr. **Eliot**. We have a very interesting problem as to where these men belong and are they citizens of any State or of the United States.

The **Chairman**. Your census reports were held up for weeks on that account. There were hundreds of American citizens who lost their residence in one State and did not gain it in another and they don't know where to locate them; and under conscription they didn't know what State they were from.

Mr. **Eliot**. I want to assure you, sir; the Board is very keenly interested in what your committee has been doing and is very anxious to help you. I am here only to express that good will and desire to help.

The **Chairman**. And we certainly appreciate your being here.

Mr. **Curtis**. Mr. Eliot, for the purpose of the record, what States do you include in the term "northern Great Plains"?

Mr. **Eliot**. The committee was composed of people from the two Dakotas, Montana, Wyoming, and Nebraska. That was the northern Great Plains area.

Mr. **Curtis**. I think the Resources Planning Board is making a very distinct contribution to this problem. I was pleased at the two points you mentioned with reference to the northern Great Plains with reference to the general type of agriculture and more attention upon livestock, and the other one the conservation of our soil and water resources. In some of my counties in this northern Great Plains area, this drought area, one family out of four have moved away since 1930. If this committee brings in a recommendation that pertains to the relief—only the fair and just and appropriate relief for these migrants who are elsewhere in the world, they haven't affected the three families who stayed at home, have they, and when one of those three families finally have to give up and join that army of moving people our problem is doubled and still no permanent solution. Therefore I feel that the work that your Planning Board is doing is making a most distinct contribution to this because it makes a permanent solution of the problem at the point of its origin.

Mr. **Eliot**. You want to attack it at both ends, Mr. Curtis.

Mr. **Curtis**. Certainly.

Mr. **Eliot**. Both as to the stable way of life where they now are and also to take care of them when they do move, if they have to.

Mr. **Curtis**. Yes.

The CHAIRMAN. Mr. Eliot, migration made this country originally but, of course, we haven't any more frontiers and we haven't as many jobs. We are up against a different proposition. But you feel that after the studies you have made of this problem, that it is bound to exist in this country as long as we exist as a Nation, do you not?

Mr. ELIOT. Do you mean migration?

The CHAIRMAN. Yes; from State to State.

Mr. ELIOT. I think that is one of the aspects of the genius of the American people, that they regard the whole Nation as home—not any particular one part of it.

The CHAIRMAN. And the Constitution says so; you are not only a resident of the State of New York—I mean a citizen, but you are a citizen of the other 48 States under the Constitution. But it does not work out very practically on account of the barriers raised by some of the States.

We thank you very much for your valuable contribution.

The committee will stand adjourned until 10 o'clock tomorrow morning.

(Whereupon at 4 p. m., the hearing was adjourned until 10 a m.. Tuesday, December 10, 1940.)

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INTERSTATE MIGRATION

TUESDAY, DECEMBER 10, 1940

House of Representatives,
Select Committee to Investigate the
Interstate Migration of Destitute Citizens,
Washington, D. C.

The committee met at 10 a. m., Hon. John H. Tolan (chairman) presiding.

Present: Representatives John H. Tolan, chairman; Claude V. Parsons; John J. Sparkman; Carl T. Curtis; and Frank C. Osmers, Jr.

Also present: Dr. Robert K. Lamb, chief investigator; Henry H. Collins, Jr., coordinator of field hearings; Creekmore Fath and John W. Abbott, field investigators: Ariel E. V. Dunn and Alice M. Tuohy, assistant field investigators; Irene M. Hageman, hearings secretary; Richard S. Blaisdell, editor; Harold D. Cullen, associate editor.

The Chairman. The committee will please come to order. This is a continuation of the congressional hearings investigating the migration of destitute citizens between States.

Mrs. Franklin D. Roosevelt, will be a witness this morning. Mrs. Alberta Thomas will be the first witness.

TESTIMONY OF MRS. ALBERTA THOMAS

The Chairman. This is a little strange surrounding for you this morning, but you have traveled all over the country and you should be able to get along with us, so you feel right at home.

Your full name is what?

Mrs. Thomas. Alberta Thomas.

The Chairman. And is your family with you?

Mrs. Thomas. Five children are with me.

The Chairman. How many children have you?

Mrs. Thomas. I have six.

The Chairman. Are the six here now or just five?

Mrs. Thomas. No; just five.

The Chairman. How old are they?

Mrs. Thomas. 20, 18, 12, 10, and 3.

The Chairman. And how old is the youngest?

Mrs. Thomas. Three years old.

The Chairman. Is your husband here today?

Mrs. Thomas. No.

The Chairman. Where is he?

Mrs. Thomas. He is working.

The Chairman. What is he doing?

Mrs. Thomas. Electrician's work.

The Chairman. How long has he had that job?

Mrs. Thomas. Since last Monday.

The Chairman. What is his job?

Mrs. Thomas. Installing oil burners for a coal company.

The Chairman. Where do you live now?

Mrs. Thomas. At Alexandria Tourist Camp.

The Chairman. Are you living in a house?

Mrs. Thomas. No; in a trailer.

The Chairman. The eight of you are living in a trailer?

Mrs. Thomas. Yes, sir.

The Chairman. What part of the country do you call your home?

Mrs. Thomas. Originally St. Louis, Mo.

The Chairman. Did you live there until 1934?

Mrs. Thomas. Yes, sir.

The Chairman. When did you leave Missouri?

Mrs. Thomas. In October 1934.

The Chairman. Were you and your family ever on relief in St. Louis?

Mrs. Thomas. Yes, sir.

The Chairman. For how long?

Mrs. Thomas. The best I can remember it was 7 months.

The Chairman. How much did you get a month?

Mrs. Thomas. It was $11 a week for groceries.

The Chairman. Did you get along on that amount of money all right?

Mrs. Thomas. No, sir.

The Chairman. Well, why did you leave St. Louis, Mo.?

Mrs. Thomas. Because my family all were under doctor's care—all sick.

FAMILY LEAVES MISSOURI IN $25 CAR

The Chairman. And how did you leave Missouri?

Mrs. Thomas. Sold my furniture and bought a car.

The Chairman. What did you get for the furniture?

Mrs. Thomas. Got $30 for the furniture.

The Chairman. How much cash did you have when the family left?

Mrs. Thomas. I think I had 65 cents.

The Chairman. You had 65 cents when you started on the road?

Mrs. Thomas. Yes, sir; after we bought 5 gallons of gasoline.

The Chairman. How much did the car cost?

Mrs. Thomas. $25.

The Chairman. And where did you go from St. Louis in 1934?

Mrs. Thomas. We went as far as Phoenix, Ariz.

The Chairman. And where did you sleep at night, Mrs. Thomas?

Mrs. THOMAS. We slept in cabins when we could afford them and when we couldn't get a cabin we slept on army cots with a tarpaulin for a cover and the children slept in the car.

The CHAIRMAN. You and your husband slept on the army cots and the children slept in the car?

Mrs. THOMAS. Yes, sir.

The CHAIRMAN. That 65 cents did not last very long, did it?

Mrs. THOMAS. No, sir.

TWO BOYS SUPPORT FAMILY AS MUSICIANS

The CHAIRMAN. Before you left Missouri did you discover something about your two boys being able to earn a little money playing musical instruments?

Mrs. THOMAS. Yes, sir; and when we got in Del Rio, Tex.——

The CHAIRMAN. Tell us about that, Mrs. Thomas.

Mrs. THOMAS. My husband earned our way until we got to Del Rio by selling corn medicine and after we arrived at Del Rio we parked on a street in front of a church and I had the children practicing their music as usual, which they did every day. They were playing church pieces, sacred pieces, and the lady in a shoeshop came out and invited them in her shop to play for her husband. When her husband heard them she asked me if I would let them go to a friend of hers that owned a cafe. I told her if she would wait until my husband came back to the car I would ask him, which she did. She met me about the same time my husband did and asked him for permission for the children to go and he finally decided they should go up and play.

She said if they didn't pick up any money she would pay them for the trouble of going up there.

When they went to this cafe they collected 90 cents. That encouraged the children and the lady persuaded us to let them go around and see if they couldn't pick up some more money. They collected around $6 that night, enough to carry us across the desert and mountains, and we went on to Bisbee, Ariz.

The CHAIRMAN. Now, in your travels how many States did you go into?

Mrs. THOMAS. I have been in 42.

The CHAIRMAN. And you subsequently acquired a trailer, didn't you?

Mrs. THOMAS. Yes; my husband built a trailer after we was on the road.

The CHAIRMAN. Well, during all the time of your traveling for a period of about 6 years through the 48 States, what did you live on?

Mrs. THOMAS. Lived on the income of what my two sons made.

The CHAIRMAN. What musical instruments do they play?

Mrs. THOMAS. Violin and guitar.

The CHAIRMAN. How old are the two boys?

Mrs. THOMAS. 18 and 20.

The CHAIRMAN. Well, where would they play to earn this money?

Mrs. THOMAS. They would go into cafes at first when they were smaller, and barber shops and garages or any place where they would think anybody would be interested in music, and ask them for permission to play. When they got permission to play they played.

The Chairman. For practically 6 years your family of eight lived on the earnings of your two boys playing the violin and the guitar?

Mrs. Thomas. Yes, sir.

The Chairman. Did your husband look for work?

Mrs. Thomas. Yes, sir.

The Chairman. And he was unable to obtain any work?

Mrs. Thomas. Yes, sir.

The Chairman. And what work does he do?

Mrs. Thomas. He is an electrician—can do most anything.

ATTEMPT TO FARM FAILS

The Chairman. And during your travels, Mrs. Thomas, did you ever attempt to settle down on a farm or something of that kind?

Mrs. Thomas. Yes, sir.

The Chairman. Where was that?

Mrs. Thomas. In Higdon, Mo. We bought a tract of land—40 acres—and we built a cabin on it and made a cistern, but we just couldn't make a go of it.

The Chairman. How much did you pay for the land?

Mrs. Thomas. It was $200.

The Chairman. How much did you pay down?

Mrs. Thomas. Paid $15 down.

The Chairman. What kind of land was it?

Mrs. Thomas. Rolling land.

The Chairman. Did it have cut-over timber on it? Did you have to clear it?

Mrs. Thomas. Yes.

The Chairman. But you could not make a go of it and so you left, is that right?

Mrs. Thomas. Yes; we had to get up and leave.

The Chairman. Well, I wish you would tell the committee, Mrs. Thomas, where you went after leaving Arizona. You first went from Missouri to Arizona?

Mrs. Thomas. Yes, sir.

The Chairman. And then where did you go?

Mrs. Thomas. We came back from Arizona through Missouri again and up to Pennsylvania. Then from Pennsylvania back to St. Louis. Then out west toward Cheyenne, Wyo. And then we went right down the west coast to Arizona again and then we came back from Arizona back to Missouri. Then we went back south to Texas again and over into Florida.

The Chairman. Did you meet many people on the road like yourselves—traveling to look for work?

Mrs. Thomas. Yes; quite a few.

The Chairman. And how were they traveling—in automobiles?

Mrs. Thomas. Yes.

The Chairman. Did you become acquainted with them?

Mrs. Thomas. We didn't have very much time to associate with many people. We were going too fast ourselves.

The CHAIRMAN. Have you a car now?

Mrs. THOMAS. Yes, sir.

The CHAIRMAN. What kind of a car is it?

Mrs. THOMAS. Ford V–8.

The CHAIRMAN. What model?

Mrs. THOMAS. 1938.

The CHAIRMAN. And what was the model of the first car that you started out with?

Mrs. THOMAS. It was a 1927 Buick.

CHILDREN EDUCATED BY MOTHER AT HOME

The CHAIRMAN. About what schooling have your children had?

Mrs. THOMAS. I taught them as long as they were unable to go to school. They were too delicate to go to school in St. Louis. They asked me to take Selby and Johnnie out of school on account of sickness. I had to board them out in the country and I didn't have the money to send them to the country.

The CHAIRMAN. And are they going to school now?

Mrs. THOMAS. Yes, sir.

The CHAIRMAN. In other words, you were the teacher for them, were you?

Mrs. THOMAS. Yes, sir.

The CHAIRMAN. And how much education did you have?

Mrs. THOMAS. Seventh grade.

The CHAIRMAN. Are the children all healthy now?

Mrs. THOMAS. Yes, sir.

The CHAIRMAN. What was the matter with them at the time you left Missouri?

Mrs. THOMAS. Selby had sinus trouble and a mastoid operation. Janet had heart trouble.

The CHAIRMAN. And that has cleared up now, has it?

Mrs. THOMAS. Yes, sir.

The CHAIRMAN. In other words, they are at the present time in good health?

Mrs. THOMAS. In perfect health now.

The CHAIRMAN. How long have you been in Washington, Mrs. Thomas?

Mrs. THOMAS. Since June 2.

The CHAIRMAN. And your husband obtained work here in Washington last Monday?

Mrs. THOMAS. Yes, sir; with a coal company.

The CHAIRMAN. But he is an electrician?

Mrs. THOMAS. Yes, sir.

The CHAIRMAN. But you left St. Louis, Mo., in 1934 and you traveled for a period of 6 years through 42 States?

Mrs. THOMAS. Yes, sir.

The CHAIRMAN. And your husband was unable to obtain employment?

Mrs. THOMAS. Yes, sir.

The CHAIRMAN. And the family of eight lived on what your two boys earned playing the violin and the guitar?

Mrs. Thomas. Yes, sir.

The Chairman. Now, did you ever ask for relief, Mrs. Thomas, in any of these States?

Mrs. Thomas. No, sir.

The Chairman. How many months were you on relief in Missouri?

Mrs. Thomas. I believe it was about 7 months.

FAMILY SLEEPS IN TRAILER

The Chairman. Now, during the 6-year period that you were traveling through 42 States, where would the family sleep at night?

Mrs. Thomas. Well, they slept in the trailer or car or whatever we had, or in a tent. We had a tent for a little while.

The Chairman. And they are now sleeping at nights in the trailer in Alexandria, Va.?

Mrs. Thomas. Yes, sir; and in the car.

The Chairman. What is that?

Mrs. Thomas. Trailer and car.

The Chairman. How much money is your husband earning?

Mrs. Thomas. $30 a week.

The Chairman. Do you think you will be able to get along all right on that?

Mrs. Thomas. Well, with the boys' help I will.

The Chairman. Are you sending the children to school?

Mrs. Thomas. Yes, sir.

The Chairman. How many of them?

Mrs. Thomas. There are two going to school now.

The Chairman. You only went to the seventh grade in school. Do you think that your children, with what you taught them at home, are on an average with other children of their age?

Mrs. Thomas. Well, I could not say that, no, because I did not have that good of an education myself. But I taught them to the best of my ability what I knew.

The Chairman. When you bought the land in Missouri, did you live in a house there?

Mrs. Thomas. Lived in a trailer and following that in a log cabin. It was a one-room log cabin. Then we built an additional room to it out of some lumber.

The Chairman. How do you like Washington?

Mrs. Thomas. Fine.

The Chairman. I take it, Mrs. Thomas, that had you been able to make a go of it in Missouri on a farm, you would have been glad to stay at home, wouldn't you?

Mrs. Thomas. Yes; I would.

The Chairman. Do you think you will make Alexandria, Va., your home now?

Mrs. Thomas. I would like to make Washington my home.

The Chairman. Have you any relatives any place?

Mrs. Thomas. Oh, yes; in Missouri.

The Chairman. Were they ever able to help you?

Mrs. Thomas. No; they wasn't able.

The CHAIRMAN. But for the 6 years after 1934 your husband was not able to get any position and contribute to the support of the family, is that true?

Mrs. THOMAS. That is true.

The CHAIRMAN. The two boys playing the guitar and violin were able to earn enough money to support the entire family?

Mrs. THOMAS. Yes, sir.

The CHAIRMAN. Congressman Parsons.

Mr. PARSONS. Mrs. Thomas, how long have the children been in school since you have been in Alexandria?

Mrs. THOMAS. They started when school started in Alexandria.

Mr. PARSONS. In September?

Mrs. THOMAS. Yes, sir.

Mr. PARSONS. Have they had any tests at school so as to compare their ability with other children of the same age in their school?

Mrs. THOMAS. They have their report cards.

Mr. PARSONS. Are they about in the same grade as children of their age who are in the same school?

Mrs. THOMAS. Well, I believe a child at 12 years old, the teacher explained, was supposed to be in the sixth grade, and Janet is in the fifth.

Mr. PARSONS. So they probably are retarded from one to two grades because of your migrations into various parts of the country?

Mrs. THOMAS. Yes, sir.

Mr. PARSONS. Are the boys still keeping up their musical training?

Mrs. THOMAS. Yes, sir.

Mr. PARSONS. Do they make any funds for the family now?

Mrs. THOMAS. Yes, sir.

Mr. PARSONS. Where do they work?

Mrs. THOMAS. They entertain in night clubs.

Mr. PARSONS. Here in Washington or in Virginia?

Mrs. THOMAS. In Washington and in Maryland.

Mr. PARSONS. That is all, Mr. Chairman.

The CHAIRMAN. Mr. Sparkman.

Mr. SPARKMAN. Mrs. Thomas, you say your husband is an electrician?

Mrs. THOMAS. Yes, sir.

Mr. SPARKMAN. How old is he?

Mrs. THOMAS. Thirty-seven.

Mr. SPARKMAN. I wonder if he has tried to get work with any of the navy yards or in any of the defense projects?

Mrs. THOMAS. Well, I believe he did at Fort Meade.

Mr. SPARKMAN. Why was he not successful?

Mrs. THOMAS. He was offered a job as an electrician for $1.65 an hour, but he had to join the union. He went to see about the union and they wanted $300 to join the union. We didn't have the cash money.

Mr. SPARKMAN. What union was it that wanted $300 from him to join it?

Mrs. THOMAS. Electricians' union, that is all I know about it

Mr. SPARKMAN. Was it here in Washington?

Mrs. THOMAS. I believe it was; yes.

Mr. SPARKMAN. You don't know the number of the local?

Mrs. THOMAS. No; I don't.

Mr. SPARKMAN. Did they want all of that in cash or some on terms?

Mrs. THOMAS. They wanted it in cash. He told them he would pay them so much a week if he could get the job, and they didn't want it that way.

Mr. SPARKMAN. How much did he offer to pay them a week?

Mrs. THOMAS. I think it was $5 a week. He offered to pay whatever he could pay—just any way to get the job.

Mr. SPARKMAN. Now, he was offered a job at $1.65 an hour provided he was a member of the union?

Mrs. THOMAS. Yes, sir.

Mr. SPARKMAN. But the local wanted $300 for membership?

Mrs. THOMAS. Cash; yes, sir.

Mr. SPARKMAN. They would not take it on terms?

Mrs. THOMAS. No, sir; they would not give him a permit.

Mr. SPARKMAN. And he was not able to pay that?

Mrs. THOMAS. No, sir.

Mr. SPARKMAN. How much cash did he have available?

Mrs. THOMAS. Well, we didn't have any cash right then. We had just had a wreck with our car and a payment was due on the car.

Mr. SPARKMAN. Is that the car you paid $25 for?

Mrs. THOMAS. That is the car we have now. We have had it only about 2 months.

Mr. SPARKMAN. That is the only thing you had which you might raise cash on?

Mrs. THOMAS. We don't even have the car paid for yet.

Mr. SPARKMAN. And instead of getting the job of $1.65 an hour he is earning $30 a week?

Mrs. THOMAS. Yes, sir.

Mr. SPARKMAN. I believe that is all, Mr. Chairman.

The CHAIRMAN. Congressman Osmers.

Mr. OSMERS. Mrs. Thomas, is it your preference to live the life you are now leading or would you prefer to live at home and live a normal life with your family?

Mrs. THOMAS. Well, I would rather live a normal life with my family.

Mr. OSMERS. Do you feel that if your husband could get one of these national-defense jobs you would secure a home and live that kind of a life?

Mrs. THOMAS. Well, I would try my best to.

Mr. OSMERS. That is all I have.

The CHAIRMAN. Congressman Curtis.

Mr. CURTIS. Just one thing, Mrs. Thomas. Have your children even been denied admission to a school when you would go into a community just for a short time?

Mrs. THOMAS. Well, we had to pay pretty dear to get them in school.

Mr. CURTIS. Had to pay rather high?

Mrs. THOMAS. Yes, sir.

Mr. Curtis. Where was that?

Mrs. Thomas. In Florida.

Mr. Curtis. What did they charge you?

Mrs. Thomas. I don't remember.

Mr. Curtis. Do you recall?

Mrs. Thomas. I think it was $3 for each child, and then we had to buy the books. It cost us $9.70 to start the three girls in school.

Mr. Curtis. For how long did that pay their tuition?

Mrs. Thomas. Well, it was supposed to pay for the term, I believe.

Mr. Curtis. David was 14 years old when you started in 1934, was he not?

Mrs. Thomas. Yes, sir.

Mr. Curtis. Has he been in school any since then?

Mrs. Thomas. No, sir.

Mr. Curtis. And Selby was about 12?

Mrs. Thomas. Yes.

Mr. Curtis. Did he go to school after you were on the road?

Mrs. Thomas. No; we taught him and David, too. They had their lessons just the same.

Mr. Curtis. Then only three of them attended any public school?

Mrs. Thomas. Yes.

Mr. Curtis. What time of the year did you move into this Florida community?

Mrs. Thomas. About the first of the year.

Mr. Curtis. And because of that tuition situation you did not send the children?

Mrs. Thomas. Yes, sir; I sent the children.

Mr. Curtis. But at no point did they deny admission to schools?

Mrs. Thomas. No; they let them go to school if they had the money. They asked us to get a Florida license on our car, which we did.

Mr. Curtis. That was one of the requirements when you asked for the children to go to school?

Mrs. Thomas. When we took the children to Pipers School, they asked us if we had a Florida tag on our car and, of course, we had bought a tag there the year before. We told them we had an old tag, but we intended to get a Florida tag. They said, "All right, it won't cost you as much." But we had to put out the $9.70 for books just the same and the $3 for tuition.

Mr. Curtis. Do you know whether that was the regular charge or was that a special charge because you were not a resident?

Mrs. Thomas. I don't know that.

Mr. Curtis. That is all.

Mr. Sparkman. One more question. Mrs. Thomas, has your husband ever filed an application with the Civil Service Commission for a job in any of these defense projects?

Mrs. Thomas. No, sir.

Mr. Sparkman. I notice they are asking for skilled workers continuously. I might suggest that he look into the possibility of filing an application with the Civil Service Commission.

That is all, Mr. Chairman.

The CHAIRMAN. Mrs. Thomas, the two sons that you refer to in your testimony are on the front seat here in the hearing room?

Mrs. THOMAS. Yes, sir.

The CHAIRMAN. And what is the name of the little girl?

Mrs. THOMAS. The baby?

The CHAIRMAN. Yes.

Mrs. THOMAS. Sonja.

The CHAIRMAN. And there are six altogether?

Mrs. THOMAS. Yes, sir.

The CHAIRMAN. Thank you very much, Mrs. Thomas.

Mrs. THOMAS. You are entirely welcome.

The CHAIRMAN. For giving us your testimony. We appreciate it very much.

Mrs. THOMAS. Thank you.

The CHAIRMAN. Mrs. Roosevelt is the next witness.

TESTIMONY OF MRS. FRANKLIN D. ROOSEVELT

The CHAIRMAN. Mrs. Roosevelt, the committee is very grateful to you for appearing here this morning. We appreciate it very much. We have held hearings in New York, Alabama, Illinois, Nebraska, Oklahoma, and California, to show the Nation it was not just a one-State problem.

We started off in New York with Mayor LaGuardia. He called our attention to the fact that last year in New York they had sent back to their home States 5,000 people at an expense of $3,000,000.

Through the United States we found the press and the public and the people very courteous to us. You know how the heart of the American people can be touched.

We will start off by introducing the members of the committee. The Congressman on my extreme right is Congressman Sparkman, of Alabama. Next to him is Congressman Parsons, of Illinois. On my left is Congressman Osmers, of New Jersey, and on my extreme left is Mr. Curtis, of Nebraska.

The resolution creating this committee passed Congress in April and we started out with our first hearing in New York with Mayor LaGuardia our first witness. He designated this problem as a national problem and said the condition was very bad in New York. As I said, they sent 5,000 people home in 1 year and spent $3,000,000 in doing it.

We found the same situation in Alabama, Illinois, Nebraska, Oklahoma, and California. I want to tell you what we did. We had witnesses not only from New York, but from adjoining States. Then we communicated with every Governor and every mayor in the United States to get a pen picture of the facts in their own individual States. When we file our report, I think we will have a factual document.

I also want to say to you that this is a unique congressional committee. We have never issued a subpena; we have never attempted to cross-examine any witnesses. We simply want to get the facts. And so, Mrs. Roosevelt, if you will make any statement which you care to in your own way we will appreciate it.

Mrs. ROOSEVELT. Well, I don't feel, of course, that I have any information which you haven't already acquired, and probably with a great deal more authentication than I have.

All I can do is to tell you what I have seen and the impressions that I have gathered from talking to people in different parts of the country. You have had a much better opportunity than I have. You know more about it than I do and you have probably looked up statistics which I haven't had an opportunity to do.

The CHAIRMAN. We found, Mrs. Roosevelt, in New York that you were ahead of us.

Mrs. ROOSEVELT. Well, I can only tell you what I happened to see. That I will be more than glad to do.

CALIFORNIA MIGRANT CAMPS

Now, in California I tried in a very brief time to see all the different types of camps because I had noticed that outside almost every village or town of any size you could see on the outskirts a settlement which was growing up of cars with shacks or tents or trailers or almost anything, sometimes without any pattern at all, and other times on land which some foresighted person had purchased and was renting. And in certain places there would be electric lights. That would add to the rent because it would mean that in the tent there would be an electric bulb let in through the top. But sometimes it was just a plain squatter camp growing up.

And I went to one which I suppose would be called a jungle type of thing where they paid no rent, down by a river, which was pretty bad—no sanitation, no effort toward taking care of sanitation in any way.

Then I went to a county camp where the county was providing certain safeguards. That was pretty bad, too, but they did make an effort in the way of providing certain safeguards. It happened it had rained the day before I was there and a number of tents had been flooded and they were having to move out because no precautions had been taken as to how their tent should be placed or where it was put.

There was an effort at the community building to help these people to a certain extent. An effort was made to provide a washing machine and a place to wash clothes and there was an attempt at having some kind of shower arrangement. If I remember correctly, there were two showers and two toilets in that camp.

Then I went to a strange place that I suppose might be called a private enterprise. It was land rented out with fences around small plots on which people were allowed to build their own houses. When they left, they could sell what they left there. I saw a man and his wife and children living on a plot of ground, which they were cleaning up. He had bought the house, which was largely built out of scraps of corrugated iron and heavy paper of different kinds. And a very interesting thing, because it seemed to me it showed an entire lack of supervision of sanitation, was the fact that the pipe for the water was immediately next to the toilet. Apparently that didn't bother anybody. But I am sure they must have epidemics at different periods of the year in those camps. I don't know whether you found that in your investigations, but it seemed to me it was inevitable.

One thing that interested me was the story of a young man who came from Oklahoma originally. He trekked all the way out to California and then he heard there was some work in the oil fields of Oklahoma and he trekked all the way back and looked for some work and got a little work for a short time. Then he lost his job again, so he was back in California to start out again.

And finally, after looking at every type of camp that I could find, I went to the Government Farm Security camps—the different ones that they have out there. I think they have done a good thing in making a model. It isn't enough, but it is a good thing if other people would follow the pattern.

Outside of those camps, which are really for people who are going to move on, they have accommodations for people who really get a job which will last a little while. These are little, tiny bits of land with little houses on them. These are particularly valuable from the point of view that a great many of these people have not been farmers. We think of them all as being from the Dust Bowl or some place like that, but many of them have not been farmers, and many of them have. But even those who have been very frequently failed because they have no modern direction in farming. They have done what their grandfathers did before them. I have an idea that what they get under expert supervision in cultivating small acreages like that will be very useful if they ever again do acquire land of their own. They will have learned some fundamental things that even if they have been farmers they haven't had an opportunity to learn before.

Now, I noticed this year in Texas, just lately, that that same type of jungle growth outside of small places is occurring. There are a few Farm Security camps that have just been established, but I noticed the jungle developments from the train window. They are sufficiently evident to see in that way.

It is, of course, easy to understand. Texas is a very big State. People think of it as a land of opportunity. They will go back from the cities to farms and farm families where the land for generations has been so badly farmed that it cannot support the people left on it, much less those who return from the cities.

That means a lowering of the standard of living for the entire group. You find them going back to the Kentucky mountains where, Heaven knows, the farm never was able to support them, and the entire standard for the whole group goes down.

DESTRUCTIVE LIVING CONDITIONS

Now, this situation has implications for the future which I think are very serious. It has health implications to begin with. The people, all of them, young and old, are deteriorating in health. Nobody gets proper care for the eyes or the teeth or malnutrition—bad nutrition—lack of change of diet. That sort of thing has a permanent effect on all the people and particularly on the children.

Now, that is a purely physical thing. From the point of view of education I think this migration is done largely by the finer people, the people that still have adventure in their souls. That is not universally so, but it is frequently so. You find they are of very good stock. You will be struck by the beauty of some of the children, real fineness of features. And they have bright minds. But they are not getting the continuity of education which any child gets who stays in one place and has a home.

The bad feeding and the bad environment and the bad conditions are factors. These people put forth a terrific effort to make their living conditions as decent as possible, but they can't be good conditions. I think we are going to see the results reflected in the ability of those young people to make a living, to stick to a standard, that is, a decent, American standard. You cannot use your brain as well if you are physically run down.

I think that condition is very serious to us for the future, because these are big families. They are really the families that are furnishing the increase in our population. When they go back to the Mountain States and back into the South that is where the increase in population is coming in the future.

The lowering of standards of living is a very serious thing, I believe. You haven't been in Florida, but there is some migratory labor there, too, and a good deal in the Everglades. Last year I went in to see what the Government camps were doing and I was struck by one very curious thing. I have always thought that a very good example would stimulate the neighborhood to live up to it. They have one sugar plantation there, where the manager is a Quaker, that is most beautifully run. He, being a practical Quaker, told me that he did it that way because it paid him. But he got the same migratory labor coming in every year from Georgia and South Carolina and Alabama and they came year after year because they knew their conditions would be decent.

I have forgotten now the exact amount but he told me how much money they sent back into those States. It was really a very big sum of money, because it is a big plantation. But right next to that plantation was a jungle under the worst conditions I have ever seen.

They had started to burn it down and I hope by now it is completely burned down, because it was a firetrap. If a fire had started there in the nighttime the people on the second floor—there were two stories—would have burned to death without any question. It was like a rabbit warren—they were that close together. There was only one hydrant for water. Everybody got their water from that one hydrant. There was only one toilet to accommodate a teeming population.

Now, in the Everglades, of course, there are both white and colored. The colored work at certain things in the fields, while the white people work in the canning industry. The conditions of both are equally bad.

The problem is one of absentee ownership, too, because people will come down and they will go in with someone who lives in Palm Beach or anywhere around to rent some of this land. Then they turn it over to a manager. They use contract labor, you see. The trucks drive in in the morning and everybody climbs aboard. When they have got the number they can take, they drive away. If a man is late and cannot climb aboard the truck fast enough, he doesn't get a job. If he is early he does get one.

FUTURE TOLL FROM PRESENT UNHEALTHY SITUATION

Well, the situation is unhealthy all the way through. It is bad for our future. Somehow in talking to those people you get a feeling that they haven't the remotest idea of what it means to be a citizen in a democracy. That, I think, is something we should be thinking about today because it is very important that everybody should know what he wants to defend and why.

I have been really quite distressed as I saw what these conditions might mean. The people who live in those conditions there move north with the chance of getting work. You see them everywhere. You can meet them in New York State. I have seen them there. And it isn't the mere fact that they are migratory. What they become touches community after community throughout the country. I think in the future the young people are going to present a heavy burden as cases in tuberculosis hospitals and prisons unless we devise some means of seeing that education moves with them and that they have sufficient chance to work for a living wage.

We have to have certain migration. There is no doubt about that. But it has got to be made so that people can live with some decency. Otherwise I think we are in for a very difficult and rather dangerous situation for us all.

DISSEMINATION OF MISLEADING INFORMATION

The CHAIRMAN. Now, Mrs. Roosevelt, our investigation discloses that there are about 4,000,000 people migrating between States. That is the figure for last year. The record also discloses that when they go to private employment agencies they are given wrong information merely for the purpose of getting their money. They are promised jobs which are not there.

Of course, this committee will have some jurisdiction and some regulation regarding that because that is interstate commerce.

Mrs. ROOSEVELT. Well, over and over again people I have talked to have shown me those little flyers given out which they had picked up somewhere and they had made the move to another place. Now, I don't know who furnishes those flyers or who distributes them but I have seen them in their possession—a number of different flyers saying: "Here work is available."

The CHAIRMAN. You see not only that but when those good people describe to you how they started out from home on account of certain circumstances over which they had no control, it becomes a matter of considerable concern to all of us.

They are good American citizens and the question is how are we going to treat them. At least we will have to give them reliable information.

The Federal Government should be able to give them correct information as to where there are jobs and where there are no jobs. They should have that before they leave home and while on the way. Instead of being kicked around as they are now, they should be given a helping hand.

You see, Mrs. Roosevelt, what we have done in this country in 150 years is to protect and regulate religiously iron and coal and steel passing through the States. We have the Interstate Commerce Commission to take care of that. But we haven't done very much for human interstate commerce so far as the record goes. In self-defense the States now have raised barriers from 6 months up to 5 years.

Well, what are we going to do? You are a citizen of the State of New York and under the Constitution you are a citizen of the other 47 States, but when you start out to move it doesn't work out very practically.

So this committee, with the assistance of your testimony and that of others, hope that first we will be able to give the people who have to move and do move reliable information and protect them in every way we possibly can.

EFFECT OF DIFFERING RULES ON RELIEF

Mrs. Roosevelt. May I ask a question, Mr. Chairman? Have you found that the differing rules on relief have made a great deal of difference? For instance, one of the things that troubles me is that rules have been made to keep people out and yet people go and then you find such really terrible situations.

People are being sent back where nobody feels any sense of responsibility for them and they are really going back very often with no future anywhere, no hope. Is there anything you have found that would change that condition?

The Chairman. Well, I am speaking for myself personally, Mrs. Roosevelt. I talked to these people throughout the country, particularly those who came from the farms, and I have not found one who would not have liked to have stayed home if he could. They had various reasons for moving—like this migrant family here—and that is the trouble with this problem. It is really directly or indirectly connected with every economic dislocation we have. Do you have anything to say, Congressman Parsons?

Mr. Parsons. Mrs. Roosevelt, it is quite coincidental. Starting in New York with the hearing we had Mayor LaGuardia, as Mr. Tolan told you. Well, he is a very much traveled migrant himself and so is the chairman of our committee—from Minnesota to Montana, and Montana to California, and California to Congress, and you are very much of a traveling migrant as well as the rest of us. I believe you are styled No. 1 migrant.

I know that you have seen a great deal of these conditions. We are very happy to have you with us. We have had several recommendations made about giving grants-in-aid to the States for the purpose of aiding those States in taking care of destitute migrants.

HANDLE MIGRATION THROUGH COORDINATED EFFORTS OF GOVERNMENT AGENCIES

Do you think this is a national problem and that the Federal Government should give grants-in-aid to these States?

Mrs. ROOSEVELT. I think it is a national problem, but I do not feel that I am sufficiently informed about it to make any recommendations as to how it should be handled.

I think there is no question that it is a national problem but I feel that I am not fitted to make any recommendations.

Mr. PARSONS. Well, you have been quite a leader in the public-welfare field. If the Congress should decide to give grants in aid to the States, where do you thing the administrative agency should be set up—in social security, labor, farm security, or where?

Mrs. ROOSEVELT. Well, that would depend on many things. There are so many factors involved that I would want to think that over very carefully. I think that for certain people in certain places the Farm Security Administration has done the outstanding job. On the other hand, you might find that in other places you would have to have a combination of responsibility, that it couldn't all be taken by one agency.

For that reason I think that you would have to have all those agencies in and find out what they had been doing, what had fallen to their lot, whether they wanted it or not. In that way you could make a decision as to how to handle it in the most helpful way.

Of course, all these things depend largely on the choice of personnel for their success. The pattern which works beautifully in one place because you happen to have a human being who understands the problem might be a total failure in another place. You have always got to bear that in mind. I think you should do whatever you do with as much flexibility as possible. This is a changing problem. You are always going to find different situations that have to be met.

The medical side of this problem is a tremendous problem. There is a great need for some kind of medical service for groups of people of this kind.

Mr. PARSONS. Well, we also had a suggestion made to the committee that a coordinated board might be made up, composed of one from agriculture, one from Public Health Service, one from labor, one from the social security, and probably from the Employment Service, to constitute a coordinated board and probably lodge the administrative work under the Social Security Board. The idea is, however, to have the one board doing that work—a coordinated board of representatives of the several departments.

INCLUDE EDUCATION IN PROGRAM FOR MIGRANT AID

Mrs. ROOSEVELT. I should think it would be desirable to use any agency in any place where the necessity may arise. But I think you should add some representative from education if possible.

Mr. PARSONS. That has been mentioned.

I was very much impressed with what you said concerning the lack of educational opportunities and facilities of these migrant people.

We have found that there were some fifty or sixty thousand on the road from Florida, beginning about now, coming up the Atlantic coast, and winding up in the State of New Jersey, where they dig potatoes along in August, and then back to the southern States, where they will gather tobacco and pick cotton.

That has been increasing for the last 10 or 15 years. In another decade we are going to have these same migrant children with their families making the same rounds more or less, none of them ever having seen the inside of a schoolroom for probably more than a year.

Mrs. ROOSEVELT. I wonder if a thing I got from a young Harvard student would interest you. He went with the C. C. C. camp as an educational adviser. He was just out of Harvard. One of the boys asked for a recommendation when he was leaving. The young Harvard boy would not give it to him. So the boy came in and said: "Why won't you give me a recommendation?"

The other boy said: "Because you did not take advantage in your off time of any of the educational opportunities offered to you here."

The boy looked at him, and he said: "How could I? I never had any education. My father never earned enough money to give us kids more than potatoes to eat. If I go home I will get that kind of a job because I am not fitted for any other, and my kids will eat potatoes," and the rest of the circle as it goes around.

Now you see even if they go to school for a short time they drop out again and they are back always at the place they started. They never really get anywhere in their education.

Mr. PARSONS. The suggestion was made by a representative of the Department of Education, who appeared before the committee the other day, that we might place on the road itinerant teachers to conduct schools right along in the camps wherever these migrants move—have certain hours of the day or night for school work.

Mrs. ROOSEVELT. You will have to do something about child labor.

Mr. PARSONS. Well, after all, we have found that the children of the migrant families are the ones who can make more money for the family than the heads of the family.

Mrs. ROOSEVELT. Exactly.

Mr. PARSONS. Because they are young.

Mrs. ROOSEVELT. But they don't make it because they get good wages; they make it only because there are a lot of them.

Mr. PARSONS. That is true.

Mrs. ROOSEVELT. And because they work long hours.

Mr. PARSONS. That is all, Mr. Chairman.

Mr. Sparkman. Mrs. Roosevelt, as you know, there are now in social security three different categories, one for aid to the aged, one for aid to the blind, and one for aid to dependent children.

One suggestion that has been made to us many different times is that a fourth category should be added to the Social Security Board to provide for direct relief or general relief and that one phase of that would take care of the migrant problem.

I wonder what your thoughts are in that connection.

Mrs. Roosevelt. That again is something I am not prepared to make any recommendations on.

I feel that I would really have to study that problem a great deal more and know much more of the things that you know before I could make any recommendation.

Mr. Sparkman. I wondered what your reaction to that might be. You mentioned something about the heavy birth rate in the southern States. As a matter of fact, in one of our hearings the Southeast was aptly referred to as the "seed bed of the Nation." It was shown that the rate of reproduction there was approximately 130 percent, whereas in some of the northern areas it was only 80 percent.

And I believe accompanying that was the statement that that is the region, or one of the regions, of low economic opportunity. Yet in every one of these aid programs it is required that the State match the Federal money dollar for dollar.

The result is that those places needing the help most get the least.

I wonder what your thoughts are with reference to changing that method of extending aid and putting it on the basis of need rather than on a basis of ability to match.

MIGRATION IS NATIONAL PROBLEM

Mrs. Roosevelt. Well, we think too often in terms of sections. It was all very well to think in terms of sections of the country and States in our early days, but today we really have to think of ourselves as a Nation.

This is a problem that affects the Nation. Many of our problems that may occur in this section of the country or in another section of the country have become national problems. But eventually it will affect the entire country, because these people don't remain in South Carolina or Georgia or the State of Washington or wherever it may be.

I mean, they move. I do think we are going to have to begin to face the fact that we are a Nation and that the problems are the problems of the Nation and cannot be handled as problems of the various States.

Now, how you shall do that or what you shall do I do not consider I am capable of advising you.

Mr. Sparkman. I believe you agree that a part of the migrant problem might be handled by taking such steps as we may to stop needless migration. I am sure you agree with me that a great deal of the migration is necessary and desirable.

Mrs. ROOSEVELT. Some of it is necessary and desirable and some of it is the result of wastefulness on our part, which was natural in a pioneering nation but which we must learn how to stop for the future safety of our country.

I think much of our land has been temporarily destroyed because we didn't have knowledge enough not to destroy it. It will take us time to get it back again.

But I think wherever it is possible we should do away with unnecessary migration, because this Nation was built as a Nation of homes, of permanent homes, and I think that still remains the objective of most of our people, and our safeguard.

QUESTION OF UNION INITIATION FEE

Mr. SPARKMAN. When they are once on the road, though, it becomes our duty to reach out the helping hand, Mrs. Roosevelt. Shortly after you came in, Mrs. Thomas was testifying about the effort of her husband to obtain work.

She testified that he was an experienced and qualified electrician. Upon application at Fort Meade he was offered a job which would have paid him $1.65 an hour as an electrician. But in order to hold down that job it was necessary for him to belong to the electricians' union. Applying to the local here in Washington he found that he would be required to pay $300 initiation fee, all in cash.

Mrs. ROOSEVELT. Was that the American Federation of Labor or C. I. O. organization?

Mr. SPARKMAN. I don't know. She simply said—and, in fact, I have nothing to verify the statement. She was quoting her husband. Mr. Shishkin, of the American Federation of Labor, testified yesterday and touched on that. He said that in their convention in New Orleans the A. F. of L. discussed that rather at length, and that they had taken steps to place some restrictions on their locals where these exorbitant fees were being charged.

If that is true, I just wonder what is your thought about such a fee as that being charged this migrant electrician who, of course, had nothing with which to pay it?

Mrs. ROOSEVELT. Well, of course, you have to go back a little bit further. I think you have to realize that probably the beginning of that came when there were too many workmen to get work. I suppose there are, in certain groups, rackets. And I suppose, perhaps, that may be one of them. I don't know. I am not fully conversant with just what all these ramifications are.

But I do know that where there is work and if it is not controlled by a racket, there are possibilities of adjustment. I don't believe, unless it is in a locality where there is a racket going on, that where there is work a man would be kept out for his initiation fee. I think some adjustment would be made.

But, as I say, I don't know this immediate situation and I don't know the whole picture well enough to pass judgment.

Mr. SPARKMAN. Well, certainly, every encouragement should be given these people to get jobs.

Mrs. ROOSEVELT. Of course.

Mr. SPARKMAN. Rather than obstacles being thrown in their way.

Mrs. ROOSEVELT. And I think a good union would do it and would make the adjustment. And I think you will find that in a great many unions they do business just exactly that way. What this particular situation is, I don't know.

I think you should get the local union head up here and ask him about that and have the man here and have it out. I think it would be very interesting.

Mr. SPARKMAN. Thank you very much, Mrs. Roosevelt. That is all, Mr. Chairman.

MAJOR CAUSES OF MIGRATION

Mr. OSMERS. Mrs. Roosevelt, we have discussed a great deal the effect of migration. I wonder if you would care to give the committee your views on the major causes of migration?

Mrs. ROOSEVELT. Well, they vary greatly. I mean, we have some people whose land is gone. They have owned land always and are people who want to own land again. Theirs is the land that was in the Dust Bowl area or other stricken sections of the country and for various reasons it was impossible for them to make a living.

Then we have, because of the depression, a great many people in the cities who have not been able to get jobs, who are either looking for jobs in other cities and industrial centers or who are going back to their own farm area where, at least, they have friends and where they know they can have something to eat and some shelter.

There are, of course, people whose jobs have always been migratory and who are needed to do that work. Therefore, while it is badly organized and while it has a great many draw-backs, migratory work is a legitimate thing. To handle it requires only an understanding of the problem and a real determination to solve it. But it will have to be handled.

The other people who are migrating are part of the whole economic picture of what has happened to us in this country. We do not have to think of them as permanent, but we do have to think of the way in which we can remove the causes which made them become migrants.

GROWER CAMPS

Mr. OSMERS. As I recall your testimony on your travels in California, I don't recall your mentioning any of the grower camps in California. Did you visit any of them while you were there?

Mrs. ROOSEVELT. No; I did not visit any grower camp. I mean, any camp where they were actually housing people who were working at the time.

I saw one camp in passing where the conditions didn't look very good so far as one could see just passing by. I went, of course, primarily to see the camps where the people who didn't have work went every day.

Mr. OSMERS. They would commute back and forth to their jobs?

Mrs. ROOSEVELT. Yes; commute back and forth.

Mr. Osmers. We, of course, noticed a great difference in conditions in the same type of camps. A county camp would not be the equal of a Federal camp and one private enterprise would not compare favorably with another.

Mrs. Roosevelt. That is right.

Mr. Osmers. The sugar plantation in Palm Beach County, Fla., to which you referred, is probably an outstanding example of grower housing for migratory labor?

Mrs. Roosevelt. That is a wonderful plant there.

Mr. Osmers. We had their owners and managers before the committee when we were in Alabama and they do have a very fine operation there.

Would it be your opinion that the grower camp would answer the migrant-labor problem as a long-time solution, under rigid supervision.

Mrs. Roosevelt. Yes; where it is necessary to have that type of labor.

You remember there they have certain people they keep all the year around who have houses of their own. Then they have migrant labor that they require at certain periods, primarily men. They don't have families come down there particularly. They just have the men come for short periods of time.

I think that is probably a very excellent solution. But, of course, you have got to go a little deeper into it. Even if we got good housing and good camps for them if with it didn't go decent wages and proper treatment you might find yourself faced with very bad conditions just the same, in spite of the fact that the camp that was provided was a healthier place to live in.

For instance, if they were forced to buy at a company store and the company prices were very very high, they might go out of there with no money at all.

Mr. Osmers. The committee's experience has been, speaking at least as one member of the committee, that where there was a social consciousness on the part of the owner, all conditions went ahead hand in hand, wages and hours, housing, education, and health.

I know that in New Jersey, where we have a very serious problem, we have accomplished a great deal through the proper exercise of the police power embodied in the State department of health.

PLAN FOR POST-EMERGENCY MIGRATION

The defense program is now becoming a great cause of migration in the United States and people are shifting all over the country in search of jobs, defense-program jobs.

Of course, in most instances they are getting jobs in the defense industries.

Mrs. Roosevelt. Yes; but you are faced in many places with terrible housing shortages because they are shifting.

Mr. Osmers. In some places housing is nonexistent, because the workers, in their eagerness, arrive sometimes 6 months in advance of the completion of a plant.

Would you care to express an opinion upon the effect that peace will have upon the migration of citizens in the United States?

Mrs. ROOSEVELT. Well, I think it depends entirely on how we organize ourselves to meet the future. If we have in mind what we are going to do with those defense plants and how we are going to use those people who are then working there, we won't face the same things that we faced before.

If we are not going to that; if the owners of these plants and the Government itself is not thinking now of what is going to happen when peace comes, then we are going to have mass migration again. We are going to be faced with just what we were faced with before—the plants will close and people will have no work, and they can't stay where they have no work.

Mr. OSMERS. Of course, we must keep in mind always that the branches of the Government concerned with the industrial part of the defense program are working under terrific pressure and they are trying to make a production schedule rather than to plan for the future. But I was thinking of, let us say, a powder plant, built of necessity back in the hills, that might employ 5,000 people. When peace comes—and we know it is coming—and the world quiets down again, that plant will close.

Mrs. ROOSEVELT. Well, I am not an economist. I don't know what should be done. But I think that while we are, of course, interested primarily in production, there must be people in this country who should now be thinking of what we are going to use that powder plant for. If we know that powder plant is going to be closed down, we should be thinking of where we are going to put those people and what we are going to do with them when peace does come. We have been all through that once, and we should be thinking of it now when we are not at war.

Some of our people can be doing that thinking. It would be different and we would be excused if we were actually at war, because, once you are at war, there is nothing to do but fight the war, and you forget what is going to happen when peace comes. You just long for the day when peace does come.

But we are not at war. We have still got plenty of people in this country who have brains and inventive ability and can look into the future. And I think it is criminal if we are not using those people today—telling them "this is your problem for the future; we are not going to be where we were in 1920; we are not going to have that thing happen again to the people of our country."

I don't know what it will bring us. I don't know what it will mean in facing new situations or in accustoming our people to a realization that we are having to face a different kind of world. But if we have got to do it, we might much better know about it now and get ready for it.

I think it is a question of getting all the people together. After all, all the industries have people that they pay, and pay high, to plan for the future, and they are probably still doing it. Well, they might just as well be planning for the things that we are really going to meet in the future.

Mr. Osmers. And we certainly know we are going to have to face that problem?

Mrs. Roosevelt. We certainly know we are going to meet it and we had better do so this time with the idea of what is going to happen to the people because that is the thing that is really going to matter—what is going to happen to the people as a whole.

Mr. Osmers. I know we can tear the plants down and destroy the housing, but what are we going to do with the people?

Mrs. Roosevelt. Yes; you can tear the plants down but what is going to happen to the people who are working in those plants? Now, we had better be thinking about that and planning for it.

Mr. Osmers. It is my opinion—I don't know whether you share it—that if we do not plan adequately at this time for the return of peace, we may have a change in our basic form of government because of this tremendous number of people who will be thrown out of employment and thrown into economic insecurity. We must keep in mind that not only Americans will be in that condition, but approximately 25,000,000 other adults and workers throughout the world will be in exactly the same position.

Mrs. Roosevelt. Well, I don't think my opinion on that would be worthwhile because I don't know as much as you do. But I think it is something we should be thinking about.

Mr. Osmers. I would like to ask another question on the defense program. I am just making a guess, Mrs. Roosevelt.

Don't you feel that we should make some economic provision in connection with the pay roll of these defense workers now, so that when their jobs do disappear they will not be immediately without resources of any kind at all other than a modest amount of unemployment compensation? I mean something more than the average amount of unemployment compensation.

Mrs. Roosevelt. Now, again, I am talking without really having any knowledge, so don't take me too seriously if it is all nonsense. Aren't you taking it for granted in that case that all of them are employed in places where we cannot find employment for them in the future? Now, in that case you are putting them into what might be called or classed as hazardous industries.

Mr. Osmers. If I may interrupt you, I was just thinking of those workers that were engaged in manufacturing munitions of war, primarily of a military nature.

Mrs. Roosevelt. Well, you might make some special provision for a longer period of unemployment insurance or take a slightly greater amount out of their wages than you are, or something of that sort. But I should think that rather than give them a different status as workers, which is hard to do because you have got to make careful studies to give them a different status as workers, if you should differentiate for their unemployment insurance.

I should think it would be better to put your research people to work on what the future is going to hold for these people, do you see? I would put the money and the thought in planning for the future and try and keep everybody in the country on the same basis as workers, because I think the minute you begin to differentiate on how much and how long the unemployment insurance shall be paid, it is going to be a difficult thing to do and a difficult thing to make people feel that it is fair and that it is right.

I think I would put everything we have into trying to look as far as we can into the future.

Mr. OSMERS. That is all.

The CHAIRMAN. Mr. Curtis.

ATTENTION TO LONG-RANGE PROBLEMS

Mr. CURTIS. Mrs. Roosevelt, you have been very kind to appear here today and I shall not detain you very long. I do have this question in mind: Do you feel that in the report and recommendations of this committee attention should be given to those long-range activities that tend to stabilize populations, such as sound water conservation projects in drought areas, and activities of that kind?

Mrs. ROOSEVELT. Very decidedly, because who is going to think about the long-range problems unless you do? I think that it is very important that you take the long-range point of view and that you think about the whole as far into the future as possible.

Mr. CURTIS. In other words our task is not to arrive in some manner merely at the administering of relief for those people who are victims of circumstances at this time.

Mrs. ROOSEVELT. No; you have got to do fundamental thinking.

Mr. CURTIS. That is all.

The CHAIRMAN. Mrs. Roosevelt, just a question or two. In response to a question asked you by Congressman Sparkman about the $300 fee to join the union before they can get a position, we had Mr. Shishkin, of the American Federation of Labor, testify here the other day and he went into that in some detail. He said in some isolated instances there were abuses of that kind, but the federation at New Orleans at their national convention condemned that. As far as they know it is not going on now. I state that just for the purpose of the record.

And I also want to say to you, Mrs. Roosevelt, that we are extremely grateful to you for coming. I want to say also, as chairman of this committee, that as this problem unfolds, it becomes as many-sided as the causes of migrations, and therefore there is no single solution to it. But we do hope with the assistance of witnesses like yourself to better the condition that exists at the present time.

We thank you very much for your appearance here today.

Mrs. ROOSEVELT. And thank you.

The CHAIRMAN. The next witness is Mr. Goodrich.

TESTIMONY OF CARTER GOODRICH, PROFESSOR OF ECONOMICS, COLUMBIA UNIVERSITY, NEW YORK, N. Y.

The CHAIRMAN. Mr. Goodrich, will you please give your name and address for the record, and the capacity in which you are appearing before the committee today?

Mr. GOODRICH. Mr. Chairman, my name is Carter Goodrich. I am professor of economics at Columbia University.

For the last 4 years I have represented the United States Government in its relation with the International Labor Office, first at Geneva and now at Montreal. And last year I was elected chairman of the governing body of the International Labor Office.

My connection with migration problems was between 1934 and 1936 when I acted as the director of the study of population redistribution carried on under the auspices of the Wharton School of Finance and Commerce of the University of Pennsylvania.

The results of that study were published in a book entitled "Migration and Economic Opportunities."

The CHAIRMAN. Dr. Goodrich, you have presented the committee with a written statement for the record. The reporter at this point will incorporate that statement in the record, following which Mr. Osmers will interrogate you.

(The statement referred to is as follows:)

STATEMENT OF CARTER GOODRICH, PROFESSOR OF ECONOMICS, COLUMBIA UNIVERSITY

Study of Population Redistribution

NEED OF MIGRATION

Migration should be thought of as a useful, and indeed indispensable, method of adaptation to changing conditions. Certainly it has served this purpose in the American past. No one is likely to doubt that the United States is on the whole richer and stronger because of the great westward movement that filled our frontier and because of the great rural-urban migration that built our cities. We may expect similar need for movements of people in the future. The locations of economic opportunity are not likely to remain always in the same place. Even if they were, there would be need of migration to correct present sectional inequalities and to maintain a running adjustment between regions of high and low birth rates. This is particularly true because of the very striking degree—brought out by Dr. Frank Lorimer in one of your early hearings—to which the areas in which per capita resources are the most meager are the very ones in which the population is growing most rapidly as the result of natural increase.

It is true that migration is a process which involves high human costs, which should wherever possible be minimized. Sometimes migration is tragically misdirected—as in the ill-fated settlement of the Dust Bowl. Sometimes it seems merely aimless and hopeless—as in certain cases to which your committee has had to give attention. Yet after considering similar instances of misguided population movement, the members of the Study of Population Redistribution came to the considered conclusion that an even more serious failure of migration, over a long period, had been its failure to take place on a sufficiently large scale "to give adequate relief to the population pressure of our less favored areas." Without very considerable migratory movements we cannot hope to redress existing regional inequalities or use our human and material resources to the best advantage. The mobility of the American people has been an economic asset. In a progressive country, it cannot be taken as the aim of social policy to make sure that every man may live his whole life in the place in which he was born.

Our study did not attempt to indicate how many migrants could be absorbed in a given year, or to say exactly where particular groups of migrants could be absorbed. I am sure that the research carried on under your direction will have pushed further on these points. But we did attempt to indicate the general directions which migration would have to follow if it was to result in a better relationship between population and resources.

REGIONAL MIGRATION

The first point is regional. It seemed to us essential that there should continue to be a large movement of population from the Southeast. Every comparison of planes of living shows how meagerly the inhabitants of the southern

Appalachians and of the entire rural Southeast have shared in the economic opportunities and advantages of the Nation's life. One basic reason for this is the denseness of an agricultural population tilling insufficient and deteriorating land in the face of declining markets. I am sure that progress can be made in improving the organization of rural life in the area, and that such progress is being made under the T. V. A. and elsewhere. It seems probable, also, that a continued increase of manufacturing in the region will supply a certain amount of alternative employment. But the present population pressure is so great, and the present rate of natural increase so rapid, that the region appears doomed to still deeper poverty unless it can find substantial relief by migration. The population increases in the southeastern States recorded by the 1940 census indicate that an already alarming problem has become even more serious.

OCCUPATIONAL SHIFTS

The second point is occupational. In a progressive economy, however else the problem of the migrants may be solved, it will not be solved by a net migration into agriculture. Ever since modern industrialism began, the proportion of the total manpower devoted to agriculture has steadily diminished, for one basic reason that will not lose its force unless or until the productive efficiency of our economic system as a whole begins to decline. As the total national output increases, less and less of the national effort, and less and less of the consumer's dollar, need to go into the raising of food, and more and more can be devoted to other goods and services. The present farm population of the United States—much of it already underemployed—stands ready to produce far more food and fiber than is now demanded and would be quite adequate, if agricultural technique continues to improve, to meet any increases in demand that can easily be imagined.

The traditional movement of manpower has been from agriculture to manufacture. In recent years, however, certain branches of manufacturing have themselves come into the same position as agriculture, with an inelastic demand for their products and with extraordinary increases in output per worker. But employment has continued to increase in the range of occupations devoted to providing the great variety of services demanded by a civilization of growing complexity. The limits of possible demand for certain manufactured goods and for the nonmaterial services are far more flexible than the demand for the products of the soil. It is in these fields that consumers will spend the greater part of any income increases which they may receive. It is in these fields that employment will grow, or, if necessary, must be made to grow. A net increase of farm population must mean either the further lowering of cash incomes already far too low, or else the condemnation of large groups of people to the so-called "subsistence economy" without the means of purchasing the amenities of an advanced civilization.

SUBURBANIZATION OF INDUSTRY

The third point relates to the type of communities. We considered it necessary to sound a note of caution against the belief that industrial employment could easily be scattered throughout the rural areas of the country. Analysis of the locations of manufacturing employment over the past 30 or 40 years indicates that there has been no net tendency in this direction. A certain 200 counties—those which the 1929 Census of Manufactures listed as of greatest industrial importance—contained nearly three-fourths of all wage jobs in manufacturing in 1899 and contain nearly three-fourths of all the wage jobs today. The share of the rest of the three-thousand-odd counties has not increased. But meanwhile, within the industrially important areas, there has been a marked and highly significant shift of factory location from the great cities to their suburbs and to other areas of moderate industrial concentration. Our analysis led us to the belief that these tendencies were likely to continue, that there would probably be further diffusion and suburbanization of industry in existing industrial regions, together with the rise of a limited number of new industrial centers, but not a diffusion or scattering of industries over the countryside. It seemed to us, moreover, that this process of suburbanization would achieve most of the legitimate advantages claimed for decentralization without incurring its most serious social and economic costs. We argued, therefore, that the chances of employment were likely to be better in a relatively small number of urban and industrial districts—and particularly in their expanding peripheries—than in remote towns or in rural areas.

This analysis was made before attention was seriously focused on the relation between industrial location and vulnerability to military attack. What modifications this may require in the pattern of location I do not know; on this point, I understand you have taken expert testimony. But only the most compelling reasons could, in my judgment, justify the scattering of industrial plants one by one in remote villages. To such a policy there are three cogent objections. First, few plants in the past have managed to survive in such locations. Second, if such a plant fails, its workers are left in a worse position than those in a developed industrial area with other employment opportunities. Third, even if such a plant succeeds, there is the danger of an unhealthy dependence of workers—economic, social, and political—on a single employer. It should not be a function of the United States Government to encourage the building of mere "company towns."

SUGGESTIONS FOR GOVERNMENT ACTION

If this general viewpoint is accepted, Government policy toward migration should be guided by the determination to preserve and encourage mobility but to give it surer purpose and direction than in the past. At certain points Government action—by such devices as land zoning and governmental land purchases—may serve to prevent the recurrence of mistaken types of settlement. The United States Employment Service and its affiliated State services must assume increasing responsibilities for facilitating useful shifts of population. Improvements in education and technical training are needed to increase the ability of prospective migrants to adapt themselves to new opportunities, and there is a strong case for Federal aid to education in the regions of meager income and high birth rate. Subsidies designed to keep people in areas which cannot decently support them run counter to sound migration policy; but subsidies designed to fit the young people of such areas for more useful service elsewhere would, I believe, be a well-placed national investment. In these and perhaps other ways, Government action can facilitate an orderly mobility, but it must be clear that migration policy alone cannot guarantee full employment nor the indispensable increase in nonagricultural employment.

PLAN FOR REEMPLOYMENT AFTER CESSATION OF DEFENSE ACTIVITIES

In the face of stubborn, long-continued, large-scale industrial unemployment, there has been a temptation to accept the return to a subsistence agriculture as the only outlet for what appeared to be large volumes of unwanted manpower. A mean living on poor land is better than no job at all if these are the only choices. But except as a purely temporary expedient, this could be justified only on the defeatist assumption that we are incapable of organizing our economic life to provide expanding opportunity. At the moment, with employment rising and due to rise with the developing defense program, no one is likely to urge the condemning of more of our fellow citizens to the subsistence alternative. Indeed, if the demands on us grow as they well may, we should not dare to do without their contribution to the national effort. At the end of the emergency, however, the issue will arise again. It is none too early to begin planning for the reemployment of those who will no longer be needed in the work of national defense. To accept the doctrine that our full manpower cannot then be used in the tasks of peace, in the raising of the American standard of living, would be a confession of national defeat.

TESTIMONY OF CARTER GOODRICH—Resumed

Mr. Osmers. Professor Goodrich, I notice from your statement that you deal primarily with population problems. I notice, too, that contrary to many of the witnesses we have had, you do not regard migration as such a bad thing for the country.

MIGRATION RELIEVES POPULATION PRESSURE

Mr. GOODRICH. That is so, Mr. Congressman. I think that migration must be thought of as a useful method of adjusting population to resources.

I am speaking there not of seasonal migration, but I speak of migration primarily, migration with the view to more permanent settlement. It seems to me that has been a most useful thing in the American past. It settled our frontiers. It built our cities, and I believe that it is essential to think of migration, in spite of its many costs, as a useful method of social adjustment.

There is no reason to believe that economic opportunities will remain in precisely the same places in the future as they have in the past.

Moreover, even if they did so remain, the population movement would be needed to correct the shocking inequalities between one region and another where migration would be needed to make up for the differences in the birth rate between one section and another.

And that argument I think is particularly strong for the reasons that Congressman Sparkman brought out a short time ago, that the very regions where the population pressure is the greatest and where people are having the hardest time under the most meager resources, are the very regions in which the population is growing most rapidly by natural increase.

Mr. OSMERS. Would you care to give the committee some estimate of the number of people that should come out of the southeastern States in order to make that area a little bit more self-supporting than it is or a little better off economically?

Mr. GOODRICH. Well, the maximum figures to bring it toward a state of equality, approaching equality with the standards of living in the other parts of the country, would be so big I hardly dare give them, but certainly it should run into several hundred thousands from the southern Appalachian region and the figure would run into millions for the eastern part of the Cotton Belt.

Mr. OSMERS. Would you say, Professor, that the need for migration from that area would continue because of the excessive birth rate as compared to the rest of the United States?

Mr. GOODRICH. Yes.

CONTINUE FARM TO CITY MIGRATION

Mr. OSMERS. Now, it is also your opinion that because of the condition in agriculture there should be a continuance of the farm to city migration?

Mr. GOODRICH. I think that will have to be so as a long-run trend. Otherwise I think it means that the agricultural populations will be pressed still further below the industrial population. Many of our fellow citizens will be condemned to live on the very meager level of subsistence agriculture—what one of your earlier witnesses called "the people barely living on half rations extracted from a small parcel of poor land."

I think that is the danger.

Mr. Osmers. I don't recall the exact wording of the statement, but when I read it this morning you said something in there to the effect that a man would be better off unemployed in a city than he would be on a subsistence farm. Is that what you said?

Mr. Goodrich. No. If those are the alternatives—if those are the only alternatives—then the meager living on poor land is better than that. But I don't think we have to take that as the national standard.

Mr. Osmers. I hope not. What is your opinion of industrial decentralization?

CAUTION AGAINST INDUSTRIAL DECENTRALIZATION

Mr. Goodrich. I feel that there must be a great deal of caution used regarding any attempts to scatter industry widely into the remote rural regions.

I believe that a considerable degree of decentralization toward suburban areas, a good deal of movement of industry from the very large cities to areas of somewhat moderate industrial concentration, is likely to continue as it has been, and likely to be, on the whole, desirable and healthy.

I doubt if the scattering of industry widely over the countryside is possible and I doubt if it is desirable if it could be done. My reason for doubting the possibilities is the experience and the analysis of the figures of the last 40 years or so. They show that within that time a certain 200 counties, which are those which the Census of Manufactures in 1929 counted as the important industrial areas and important industrial counties, had almost three-quarters of all the wage jobs in manufacturing in the country in 1899, and they have almost precisely the same percentage of wage jobs in the United States at this time.

There has been a significant movement within that from the cities to the suburbs and I think that movement may well continue.

I think that some new industrial centers may well arise as some new centers have arisen over the last 30 or 40 years, but I doubt if it is practical to scatter industry bit by bit all up and down the length and breadth of the other 3,000 counties.

Mr. Osmers. I want to come back to that in a minute or two. But do you expect that we will have full employment if the defense program continues for another year and a half or 2 years?

Mr. Goodrich. I think we shall come much closer to full employment than we have been for a long time. That is one reason why I think it is easier to be more emphatic in arguing that migration is a useful process now than it was 4 years ago, before this arose.

I think that 4 years ago there was much more temptation to say we can't make use of the people and you had better go back even to poor land, if that is the only alternative, and get along somehow.

Now, I think, we don't have to say that to people and I don't think we dare say it in view of the national need that will come.

IMPORTANT TO PLAN FOR POST-DEFENSE ECONOMY

Mr. OSMERS. Now, after this defense program, do you anticipate a great immediate increase in migration and unemployment?

Mr. GOODRICH. I anticipate very great danger for just the reasons you suggest, unless very careful planning is done about it.

Mr. OSMERS. Now, I want to go back to what we were talking about before—the decentralization of plants.

Don't you feel that if we have these plants spread all over the country and the entire economy of certain areas based upon defense plants, we are likely to have a more serious dislocation than if these plants are operating in normal industrial areas that also have peacetime industries there?

Mr. GOODRICH. I think there is a great danger if the defense plants are not put, as far as practicable, in regions for which there is hope of continuance in peacetime.

Now, there may be needs for changes for tactical reasons about which I know nothing, but I think there is great danger if the defense plants are not put in regions that look like regions of normal peacetime growth.

Mr. OSMERS. You recommend that we should now plan for the arrival of the dove of peace. I wonder what plans you have in mind that could be made.

Mr. GOODRICH. Well, there are two things. First, I agree with what I understand to have been the recommendation of Dr. Lubin yesterday, that a dismissal wage, a kind of amortization for the workers in specifically defense industries, would be a useful thing.

I agree with Mrs. Roosevelt that that is the smaller part of the program. I think it is extremely important that——

Mr. OSMERS. That, after all, would be only a temporary amelioration of the situation?

Mr. GOODRICH. Exactly. It might be useful, but it is only a matter of tiding the people over.

Mr. OSMERS. Six months instead of two months?

Mr. GOODRICH. Yes; but it doesn't solve the question of where they are to go afterwards. I am sure the solution is not one of sending them back to starve on the bad lands. So I think it is extremely important that there should be planning under way regarding the reemployment possibilities of those people at that time.

Mr. OSMERS. As I remember Mr. Lubin's testimony yesterday, he also said that we should not abandon all of our peacetime industries in the great rush to get aboard the defense band wagon, so that we would have at least a skeleton of peacetime industry when the defense program is over. Do you share that view?

Mr. GOODRICH. Yes; I think that is true and I think we also need to have plans possibly in the housing field and in other public-works fields to be ready for that time.

I think that is the long planning job. I quite agree that people should get at it soon.

Mr. OSMERS. What sort of a body would you recommend or what present existing agency would you recommend to assume the responsibilities of that planning job?

Mr. GOODRICH. Well, that is an administrative question which I don't feel particularly competent to answer.

Certainly the Department of Labor should be in it. Certainly the Defense Commission should be in it. I don't know about this, but I feel they should, and I feel the Social Security Administration should be in it. I don't know that I am of any particular use in suggesting the form that such a body might take.

Mr. OSMERS. Well, would you say that we could use a body such as the National Resources Planning Board?

Mr. GOODRICH. Very admirably, I should think. I have one other suggestion to add there, that on certain of the international aspects of the problem you would do well to call on the International Labor Office for a study of the problem as it is hitting other countries.

That we should have a right to do as members.

Mr. OSMERS. I have tried from various witnesses, without a great deal of success, to get their opinions on the effect of world-wide unemployment upon our own economy when peace comes.

Now, I am presuming that our economy will not be as badly disjointed as others throughout the world, but I can see our foreign markets slipping away from us when these millions put down their arms and cease working in arms plants and start producing peacetime merchandise.

Let us take the Latin-American market, for instance, which we speak of a great deal today. I think the European nations, both the victor and the vanquished, will lower their standards of living in order to get those markets and the materials they can get in exchange for their goods.

Mr. GOODRICH. I think that is a very serious danger and I think it indicates we shall need to take some part in the economic reconstruction of the world, partly to prevent just that extreme lowering of standards with its consequences.

Mr. OSMERS. I am not as much impressed as many seem to be with the present trade we are doing with Latin America because about three-quarters of the civilized world, aside from ourselves, is engaged in war. But I would like to know where that Latin-American trade is going to go after the war is over. Is it your opinion that our position there will be seriously endangered in an economic way regardless of the outcome of the war?

Mr. GOODRICH. I think there is danger there; but I am in no sense an expert on South American relations.

Mr. OSMERS. I can visualize that situation. In fact we saw it when some of these foreign nations were preparing for war. We had demonstrations of the barter system and other means that they used to get business.

That is all.

The CHAIRMAN. Mr. Parsons.

LIMIT AND REGULATE ECONOMY IN INFLATED PERIOD

Mr. PARSONS. Mr. Chairman and Professor Goodrich, our hindsight, of course, is always much better than our foresight. However, have you thought of what might have been the difference in our economy if, during the World War, or during the prosperous days of the twenties when we had a fairly even keel of employment and production, we had had social security and many of the things we have acquired in the last 5 or 6 years. If they had been in effect during the other war or during the prosperous days of the twenties, what would have been the difference in the condition of the country during the years of depression?

What would have been the difference in the relief and economic problem if we had had such measures as we have adopted in the last 5 years?

Mr. Goodrich. Well, even on hindsight I should not think I could answer that completely, but I think the situation would have been easier in very important respects. The relief needs would not have come so suddenly if there had been unemployment insurance to cushion it; not so many people would have had to go to the areas which perhaps were their only possible hide-outs during the depression.

So whether the more even flow of income resulting from unemployment-insurance payments would have cushioned the shock of the depression or lessened the shock of the depression very materially, I am not so sure.

It certainly would have helped somewhat, and would have made it possible to come to the relief program in a more orderly way and with much less human suffering.

Mr. Osmers. I want to make another predication. We are planning on this defense program and we are hoping that we will never be involved in this war, and I cannot see any reason right now why we should be. But, if we should become involved, I think with our experience in the other war and in the last 10 years, that Government will never permit the skyrocketing of prices and greatly inflated values that was permitted in the other war.

Now, if that had been prohibited before perhaps we never would have had the plains plowed up in the Dust Bowl for the production of wheat. We would have saved the soil that has blown away in the past several years. We would also have saved the great investment sky-rocketing that finally culminated in our downfall. And that is what we are planning to do. That is the reason we are holding these prices down now.

If it were not for the proper regulations that we have, prices would probably be twice as high as they are at the present time.

Do you think that is a good economic thing to do—to limit or regulate our economy in inflated times like this so that there will not be such a repercussion after that?

Mr. Goodrich. Yes, sir; very decidedly. And I think it is true that measures of that sort in the other war might have prevented much of the mishandling of an area like the Great Plains.

I think also the Government is doing some things directly which are useful in preventing a misguided settlement such as the settlement of the Dust Bowl by the Government repurchase of lands which are unfit for agriculture, and by measures such as the county zoning that started in Wisconsin and spread elsewhere. I think there are some useful things that the Government can do directly to stop unfortunate migration and misguided migration like that in the Dust Bowl. But I quite agree it is important, and highly important, to prevent the runaway prices which had the consequences that you have just brought out.

Mr. PARSONS. The question has arisen many times before this committee and with committee members of a long-range planning program. We have been attacking that problem for several years now. If we had the foresight 20 or 25 years ago, or even 15 years ago, to have started a long-range planning program, we could have cushioned the depression. Perhaps it never would have come, because when we started the reduction in Federal taxes, making it retroactive year after year during the twenties, that money came back to the large bondholders who used it principally for the stock-market manipulation which greatly inflated those values, sometimes 400 and 500 percent, and on an average of over 200 percent, when the real values were not there. Those inflated values fell and culminated in a great crash which wiped everybody's savings out.

Now, we want to prevent that in the future, and we think we are on the right track with a long-range planning program. But many of those who are critical of what we are doing now are those who had the responsibility of Government planning then and failed to act, isn't that right?

Mr. GOODRICH. That is right.

Mr. PARSONS. That is all, Mr. Chairman.

FEDERAL AID FOR COSTS OF EDUCATION

Mr. SPARKMAN. Dr. Goodrich, I have read your statement with much interest. There is one thing that naturally caught my eye. If I may, I will read the portion that I refer to:

> Improvements in education and technical training are needed to increase the ability of prospective migrants to adapt themselves to new opportunities, and there is a strong case for Federal aid to education in the regions of meager income and high birth rate. Subsidies designed to keep people in areas which cannot decently support them run counter to sound migration policy; but subsidies designed to fit the young people of such areas for more useful service elsewhere would, I believe, be a well-placed national investment.

Now, as a matter of fact, in the areas of high birth rate, there is a surplus of population that must keep moving out. Therefore the burden is placed upon those particular States and regions to educate those people to fit them for the economic place they might find in another region. If those States are so heavily burdened to educate those children that are going to become producers for other areas, do you think it is reasonable to require those same areas to match dollar for dollar Federal funds that are given for various subsidies such as you mentioned?

Mr. GOODRICH. Well, I think that the Federal Government should take responsibility for its part of the cost of education in these areas. I am not so sure about other subsidies because I am doubtful about subsidies which, as I said there, are designed to hold people in an area. But I am very strongly in favor of subsidies in the field of education. I think that it is right that the Nation as a whole should bear the cost or part of the cost of the education of these people, many of whom are certainly not going to live in the very heavily burdened States which are bringing them up and trying their best to educate them.

I think there again, from the point of view of the State to which they are going to go, it is a disadvantage to the States which receive these people to receive ill-trained people. So I think there is a case even aside from our national feeling in the matter—I think there is a strong case from the practical point of view in the States that are likely to receive migrants in having prospective migrants better trained.

I feel very strongly that that is a field in which Federal assistance to the areas you speak of is entirely justified.

Mr. SPARKMAN. As someone suggested in the hearing in New York, if he bought mules from one of our States, he paid the owner of those mules for bringing them up, but when our boys and girls came up there he paid nothing for the education of those boys and girls.

Mr. GOODRICH. That puts the point better than I did, but it is my point.

Mr. SPARKMAN. That is all, Mr. Chairman.

The CHAIRMAN. Doctor, I understand you want to get away at 12:20 and I will keep faith with you. But I want to say to you that while traveling around the country and in conference with newspaper representatives, about the first question they ask is: "Well, Congressman, what is the solution for all this anyway?"

The point I want to bring out, and I think you will agree with me, is that this migration of destitute citizens from one State to another involves, and probably includes, every economic dislocation we have in the country, isn't that so?

Mr. GOODRICH. Absolutely.

The CHAIRMAN. Now, the causes of migration are worn-out soil, mechanization, unemployment. There is no single solution for any of those things. But what I would like to bring out is that we seemingly or surely could do better than we are doing now or have done in the past, don't you think?

INCREASE FACILITIES FOR DISSEMINATION OF INFORMATION

Mr. GOODRICH. I think we can do much better. One simple thing we can do, which I think was brought out in the remarks this morning, is to increase the amount of information which is put at the disposal of possible migrants.

I think that calls for a much greater responsibility being placed upon the United States Employment Service and its State affiliations than has heretofore been the case.

It should be made possible for those agencies to do very much more than they have been able to do in the past. They have done as well as they can. But if it could be arranged for it to do more in the future by spreading correct information about opportunities for migrants that might serve to cut off misguided, merely aimless migration. It would also serve to direct migration to the places where the migrants are likely to be needed.

The CHAIRMAN. In other words, we should be able to obtain a better informed and more reasonably controlled migration than we have now.

Mr. GOODRICH. I agree completely.

The CHAIRMAN. We will have your prepared statement inserted in full in the record. Mr. Reporter, you will insert Dr. Goodrich's statement at this point in the record.

We just want to thank you, Dr. Goodrich, very sincerely for appearing here today. Your statement is a very valuable contribution to us.

Mr. GOODRICH. Thank you, Mr. Congressman. It has been a great privilege to appear before the committee.

The CHAIRMAN. The hearing will recess until 2 o'clock.

(Whereupon, at 12:15 p. m. the hearing recessed until 2 p. m. of the same day.)

AFTER RECESS

The CHAIRMAN. The committee will please come to order.

Dr. Schmidt will be the first witness.

TESTIMONY OF CARL T. SCHMIDT, PROFESSOR OF ECONOMICS OF COLUMBIA UNIVERSITY

The CHAIRMAN. Dr. Schmidt, will you give your full name and address to the reporter?

Mr. SCHMIDT. Carl T. Schmidt, 1900 H Street, Washington, D. C.

The CHAIRMAN. And in what capacity do you appear here, Doctor—that is, you are a professor of economics, are you not?

Mr. SCHMIDT. Yes, sir; I am lecturing in economics at Columbia University, but at the present time am on leave.

The CHAIRMAN. You have filed a written statement, and that will appear in the record at this point.

(The written statement is as follows:)

STATEMENT OF CARL T. SCHMIDT, LECTURER IN ECONOMICS OF COLUMBIA UNIVERSITY

CHANGES IN AMERICAN AGRICULTURE AND SOME OF THE RESULTS

For 50 years American agriculture has been drifting away from the ideal of the family farm. In broad perspective, we can see that our farmers have been drawn into the vortex of industrialism. They too share the insecurities brought to our society by the machine.

It was the cotton, the wheat, and the corn, produced at low cost on the virtually free and highly fertile lands of America that in the nineteenth century provided the people of western Europe with cheap food and clothing and helped them to turn from farming to manufacturing. Moreover, our agricultural exports enabled us to import much of the capital on which our own urban industrialism was built. And when this job was done, American farmers were left stranded in an uncertain world. Their preeminence in foreign markets has vanished, and the application of machines to agriculture has made needless the work of many farmers in supplying our own requirements. At the same time, industrialism has been unable to use all its own great capacities. This has meant urban poverty and unemployment which in turn have brought poverty and disguised unemployment to the farms. As we near the middle of the twentieth century, we find that millions of farm workers have no more material security than the poorest of city people. Our farm problems are basically the problems of an industrial society that has not yet learned to use its resources wisely and humanely.

THE AGRICULTURAL DILEMMA

Why have so many of our farm people been sinking into an economic and social morass? Why has agriculture, as a way of life and as a business, been less and less inviting during the last 20 years? Why, despite all the costly farm-relief efforts, does the long-run prospect for great numbers of our staple-crop farmers still seem so unpromising? No complete answer can be given in brief compass, but it is possible to point to a number of basic forces that have been making for a decline of American agriculture. The great depression after 1929 certainly does not offer us the examination—it merely increased the pressure of forces already at work long before 1929. Indeed, they continue to underlie the course of agriculture even now, after a decade of far-flung efforts by our Federal Government to solve the farmer's problems.

CAUSES OF AGRICULTURAL DECLINE

Put most simply, American staple agriculture has been declining because our farm plant was built up to supply not only our domestic needs but also great foreign markets. The foreign demand has shrunk seriously since the World War, and domestic markets have stagnated. Hence lower prices for the goods that our farmers have gone on offering in such abundance. And these prices have not given farmers enough income to meet production costs and to buy the thinks they need and want. (Possibly if they were ready to let their living standards sink we would hear less about agricultural depression.) Well, couldn't they produce less? Perhaps, but that would leave many farmers unemployed or dependent on public aid. And the more some farmers adjust themselves to the changed situation—reducing costs by means of business methods and machine production, and also just by pulling in their belts, the harder is the going for other farmers. Left to themselves, the natural forces would gradually squeeze labor and land out of agricultural enterprise. Perhaps this would not be too bad if men could be used at good wages in urban industry. But there they would also be unemployed today. Hence the dilemma is ultimately one of our whole economy, not merely of agriculture. We might just as well let the natural forces of floods drown the unlucky people who happen to be in the way of the waters as to let the natural forces of economics drive our rural people into poverty and hopelessness.

More specifically, we may summarize the difficulties of our commercial, staple-crop agriculture as follows:

LOWER PRICE MARKET FOR FARM PRODUCTS

For one thing, most farm enterprise is a small-scale, highly competitive pursuit. But it is caught in a web of big business. Our billion acres of agricultural land are split up among nearly 7,000,000 separate farms. And most of these farms are relatively small, single-family holdings. Even the great cotton plantation or wheat ranch is not big by comparison with the typical steel mill or automobile factory. Except in a few areas, genuinely large-scale and corporate farming in the United States is still unimportant. Nor has it yet proved itself decisively more efficient than small-scale farming. The point is that because of the fiercely competitive nature of his own business, the ordinary farmer has no control over the prices of his commodities. He produces as much as he can, and sells for whatever he gets.

The situation is very different for most of those who buy from or sell to the farmer. In their case, efficiency demands large-scale operation, and this in turn means fewer firms in each market and therefore increased managerial control over prices. Thus when the farmer sells his wheat, or tobacco, or milk, or when he ships his goods by rail, he is confronted by big business. Again, he runs into big business when he buys fertilizer, or a tractor, or a refrigerator, or when he borrows money. In 1934, for example, 3 big tobacco manufacturers bought 46 percent of the total tobacco crop in this country, 13 flour millers purchased 65 percent of the commercial wheat crop, 3 meat packers bought 41 percent of the marketed cattle and 25 percent of the hogs, 2 milk distributors bought 13 percent of the commercial milk. Thus, quite apart from the possibility of deliberate monopolistic price rigging by business, the farmer is likely to be in a weak bargaining position both as seller and buyer. Here is one reason why the prices he receives are so much less certain than the prices he pays. It helps to explain the low purchasing power of the farmer. And it is also a reason why, when his prices slip downward, the individual farmer finds that he must go right on producing as much as ever, perhaps even more. Without machinery to eliminate cutthroat competition and to adjust production to changing market conditions, the American farmer is penalized by being an old-style operator in a streamlined world of big business.

EBB OF FOREIGN MARKET

Secondly, since the end of the World War the farmer has seen his foreign market ebb away. Following the repeal of the English corn laws in 1846 and the advent of cheap transportation, exports of agricultural products from the United States rose steadily. The rapid growth of industrial population abroad greatly enlarged the market for low-priced American foodstuffs and cotton. For half a century these increased European requirements were largely supplied by the expanding tillage of the vast Mississippi Basin. But with the disappearance of cheap fertile lands in the United States, the American farmer began to lose his superiority in the world market. Wheat and livestock producers in other areas with great reserves of fertile land—such as Canada, Argentina, Australia—were able, because of lower costs, to undersell the American products. Even cotton, long a virtual American monopoly and our most important agricultural export, has not escaped the competition of other lands. Our tobacco, fruits, and other farm commodities are being squeezed out of world markets by the stiff competition of products that have the advantage of lower production costs or preferential treatment by various governments. In broad perspective, this tendency is to be seen as a concomitant of America's industrialization, its decreased dependence on foreign capital and manufactured goods, its growing ability to export industrial goods.

DECLINE IN POPULATION RATE

Thirdly, changes in domestic demand—gradual, but nevertheless potent—have tended to constrict profitable markets for many farmers. In former times they could look to our rapidly growing population to take their surpluses. Now the persistent decline in the rate of population growth eliminates one important buttress of our agriculture. Indeed, if, as appears likely, the birth rate continues to fall and immigration remains small, the population will cease growing before many years. Eventually there may even be fewer mouths to feed and backs to clothe. Dietary changes, too—especially shifts from beef and cereals to milk, sugar, fruits, and vegetables—have already impaired the markets for commodities important to great numbers of farmers. Moreover, producers of hay and grain have been hard hit during the last quarter of a century by the widespread substitution of tractors and automobiles for horses and mules.

MECHANIZATION

Fourthly, the increasing mechanization of agriculture has intensified the problems of farm operators and their hired workers. During the course of the past hundred years, millions of new farms—supported by the liberal land, immigration, and transportation policies of a solicitious Government—came into existence. But this development was more than an increase in the number of farmers and of acres cultivated. For it was accompanied, and indeed to a large degree made possible, by a remarkable rise in the efficiency of agricultural enterprise—resulting from the application of science to the arts of the husbandman. Here, again, the Government has been a prime agent, for it constantly increased the scope of its agricultural research and its efforts to provide farmers with up-to-the-minute information. The work of the Federal Government has been supplemented by the State departments of agriculture and farm societies and journals. Always in the foreground has been the idea of "bigger and better" farm production. Urged on by these agencies and by the growing cost of farm labor, the desire to lessen the burden of hard work, the hope of profit, the American farmer has turned increasingly to mechanization, to scientific breeding and feeding, to more business-like methods of management. By 1929 the average farmer and farm laborer produced 150 percent more than he did in 1870, and 37 percent more than in 1909. The agricultural output in 1929 was 27 percent bigger than in 1909, yet it was produced by 7.5 percent fewer persons. Far fewer hired laborers are now needed in the western wheat regions than 20 or 30 years ago, and the corn harvester has reduced the number required in the Corn Belt. Plowing, planting, fertilizing, cultivating—all are being mechanized. And the all-purpose tractor is eliminating countless back-breaking chores. In the past, labor released from agriculture by the machine could find employment in urban industry. Today that outlet is closed, and who knows when it will again be open The tractor and other machines will one day greatly curtail the need for workers in the cotton fields. What then will become of thousands on thousands of southern farm folk?

From the standpoint of potential farm production, the results of these developments are even more remarkable. In 1929, half our farmers produced 89 percent of the total commercial output of American agriculture. No doubt these farmers could easily produce the remaining 11 percent if prices offered them only a little encouragement. That is, the less productive half of our farmers are not needed to feed and clothe the nonfarm people—at least, on present levels of consumption. Instead of population pressing on the means of subsistence, as Thomas Malthus prophesied, agriculture is now pressing on population. Mechanization has changed the whole technical basis of farming, making millions of small farms obsolete and incapable of competing on any "reasonable" basis with more efficient farms. Yet so long as the less productive farmer's cash income barely covers his out-of-pocket expenses, he finds it better to go on producing than to stop altogether. By pulling in his belt, lowering the living standards of his family, and neglecting the long-run needs of his farm he can continue to compete—on a cutthroat basis—with technically superior farms.

In terms of human needs, however, it is not at all evident that our agricultural productive plant is excessive. For demand has been seriously restricted by the low purchasing power of much of our population. In 1935, some 12 000,000 families—42 percent of all families in the country—received less than $1,000 income. Yet they bought only 26 percent of all the food sold in that year. Four million of these low-income families spent only about a dollar a week per person for food, or about 5 cents for each meal. Certainly, increasing these people's incomes would do much to ease the farmer's troubles. According to Milo Perkins, "If all families getting less than $100 per month had been able overnight to increase their incomes to that level * * * this would have meant an increase in expenditures for food of approximately 1.9 billion dollars. The expenditures of these people would have been increased by 51 percent. The national food bill, not counting purchases by single individuals, would have been increased 14 percent, and the health of the low-income people would have been very much improved. Farmers would have received nearly $1,000,000,000 more in income. The extra demand certainly would have improved farm prices and farm income by a large additional amount." [1] How to raise our national income and to distribute more of it to our less fortunate people—this is the great internal economic problem of our times. The advance of agricultural technology would be much more rapid if urban employment and purchasing power were increased. For then many people now on farms would move to towns and cities, and commercial outlets for agricultural products would expand. On the other hand, if employment opportunities in industry remain meager, the abundance and low costs of farm labor are likely to retard the mechanization of agriculture. Continued long enough, such a situation would make for more self-sufficient farming. We must note, too, that the difficulty of most farmers in acquiring more land, the absence of alternative income opportunities for those farm owners who find the going hard and who wish to sell, the uncertain prospects for new capital in many agricultural fields, are forces that hold back what might otherwise be a very rapid drift to new forms of agriculture.

LARGE-SCALE FARMING MUST INCREASE

It is probable, however, that efficient farms, whether operated by individual families or by hired managers and workers, must become bigger than they have been in the past—bigger in acreage and numbers of livestock, or in yield per acre and per man, or both. The new technology seems to make this inevitable. Very large-scale methods and huge areas under single management may become essential for extensive crop production, especially when much of the work can be reduced to a routine, whereas family-operated farms of relatively small acreage may be most effective for intensive, less standardized agriculture. In either case, however, the amount of capital needed per worker must be greater than formerly.

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[1] Speech at Des Moines, February 24, 1940.

The constant pressure of agricultural supplies on demand is, then, a further basic reason for the economic weakness of our farmers. Technological achievements have made available a potential source of additional quantities of agricultural products that, in the absence of control, must flood the markets whenever prices remain for any length of time on even a modestly attractive level.

Yet, in the opinion of many authorities, farm mechanization is as yet only in its infancy. Unless tremendous outlets for farm commodities can be discovered, then millions of our farmers must leave the land or be subsidized by the Government or be doomed to chronic poverty. Even those who believe that we have far too many farmers must hesitate to advocate a wholesale shift of rural people to towns and cities, for that would merely result in still more outright unemployment. Perhaps the possibilities of cityward migration will improve, but how soon and how rapidly no one knows.

RURAL POVERTY DANGER TO NATION

Finally, it is obvious that the extremes of rural distress are not to be explained solely by market conditions, by the movement of farm prices and costs. After all, many of the poorest farm people produce very little for market. Behind their troubles lie broader social and physical factors. Almost a million farm families live on farms that are so small, or on lands so poor, that they cannot make a satisfactory living. In the Cotton Belt poverty is bred by the tenant and cropper systems, high birth rates, class cleavages, and racial prejudices. In the Appalachian area, about 40 percent of the farms are less than 50 acres in size, and cultivation is generally restricted by the rough and sterile land. Here, also, illiteracy and high birth rates make for poor living. But such impoverished farmers are by no means confined to the deep South and the southern highlands. There are also wretchedly poor farm people in the fertile Midwest, the dry wheat regions, the Southwest, the Lake States, Florida, and the Pacific Northwest. And some of the most abject people in the world live in the shadows of California's magnificent mountains and forests.

Clearly, rural poverty is a danger not only to farm people but also to everyone in the Nation. We can appreciate what is at stake when we recall that the birth rate is highest in the very areas where rural living conditions are worst. According to O. E. Baker, 1,000 farm people will have 3 to 7 times as many descendants a century hence as 1,000 people living in our large cities. Most Americans a hundred years from now will be the offspring of the rural people of today. Here, surely, is the highest justification for a national policy designed to wipe out rural slums and raise the living levels of our farm families. Unless the conditions that produce rural insecurity are attacked and overcome, not only will much of our present generation be condemned to lives of destitution but also a large proportion of the Americans of the future will be reared against a background of material and spiritual poverty. The farm must be not only a place where cotton and wheat and corn are grown. It must also be a producer of men, of good citizens.

It is the fashion nowadays to talk about menaces to democracy. Yet it is no idle rhetoric to say that the problems of farmers are of vital importance in the building of our citizenship and of our democratic institutions. For democracy means more than political formulas. It can live only if it is brought down to the earth of common men, giving them security and a vital part in the affairs of political and industrial government. The men with little or no hope of jobs in our cities, and the depressed and virtually unemployed men of our countryside—all are a menace to democracy. Our people—and we are speaking now of those who have caught some glimpses of the American dream, not merely of those who have been congenitally impoverished—will not always submit to the conditions from which they have been suffering. If they come to realize that the dream of a democracy which promises security and good living is but an idle phantasy, then they may well turn to other gospels—gospels that will destroy democratic ways of life even though they may not bring well-being.

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CURRENT FARM POLICY

When Mr. Roosevelt and Mr. Wallace entered office in 1933, American agriculture was prostrate. The first Agricultural Adjustment Administration program was intended to inject new life into it. The Agricultural Adjustment Administration thesis was that farm prices and incomes could be pushed up only if supplies were curtailed so as to meet a greatly reduced demand at home and abroad. Cotton, wheat, corn-hogs, and tobacco received most of the administration's attention. Coercive penalty taxes forced the cotton and tobacco producers to comply with programs for the curtailment of production. Drought made such steps unnecessary for wheat and corn. Cooperating farmers were rewarded with benefit payments. These were financed out of processing taxes, the burden of which was mainly borne by consumers. Such measures, together with a severe drought, which drastically cut wheat and corn production in 1934, and industrial recovery pushed farmers' prices and incomes upward.

Early in 1936 the Supreme Court outlawed the Agricultural Adjustment Administration crop-reduction program. Congress adopted a soil-conservation act, which aimed at reducing commercial crop acreage in a roundabout way. That is, farmers were paid to fight erosion by shifting land from the staple crops to soil-building crops, and also by adopting other conservation practices. Incidentally, the soil-conservation efforts of the New Deal have done much to save our land from further damage. Another drought in 1936 and continued industrial revival kept prices and many farm incomes relatively high. But in 1937 unusually good weather and more efficient farm techniques resulted in bumper crops. The cotton harvest of 19,000,000 bales was a record breaker. This and a recession in industry sent prices tumbling. Farmers demanded new help from the Government.

EVER-NORMAL GRANARY PLAN

The result was that Congress passed the second adjustment act. This set up Mr. Wallace's ever-normal granary, which gives farmers loans and stores their surpluses in bumper-crop years. The intention is to release the stored crops in short years. Thus it is hoped to prevent disastrous price declines in times of high yield and consumer-gouging prices in seasons of crop failure. Soil-conservation payments continue to be made to farmers who restrict production to specified acreages. When the surplus of a given crop threatens to become too large, farmers vote on compulsory marketing quotas. If their vote is favorable, the sales of all growers are limited. These quotas have been applied to cotton and tobacco in the past 3 years. Also the Government has made extensive loans to cotton, corn, and wheat farmers. As a result, it now holds more than 10,000,000 bales of cotton and 456,000,000 bushels of corn.

These Agricultural Adustment Administration programs have been aimed primarily at the commercial farmers—those whose fortunes depend upon price relationships in the markets. Much less publicity has been given the Government's efforts in other but no less important fields.

FARM CREDIT ADMINISTRATION

For one thing, the Farm Credit Administration provides farmers with both long-term and short-term credit at low interest rates. Hundreds of thousands of farm mortgages have been refinanced and so made more bearable for the debtors. Today the Farm Credit Administration holds 40 percent of the total mortgage debt, and private lenders feel that Government competition is driving them from the field. But to millions of farm people whose homes were saved this has been the most important New Deal measure.

Throughout our history, as Mr. Wallace has remarked, the Federal Government has been mainly concerned with the top third of our farmers. It is to the everlasting credit of the Roosevelt administration that it has turned the attention of

Government at last to the widespread poverty of our less fortunate farmers and that it has taken steps to help them. During the depression 2,000,000 farm families received some form of relief. This brought home to economists, sociologists, and public officials the extent and nature of rural poverty. They began to see that millions of farmers are little affected by the ups and downs of the great commercial markets. Their troubles are poor land, bad tenancy conditions, dwarf holdings, a vicious credit system, ignorance, and malnutrition.

FARM SECURITY ADMINISTRATION

The Government has gradually built up an extensive, though still far from adequate, program for aiding the low-income farmers. Through the Farm Security Administration more than 1,000,000 farm families have received small loans and grants that enable them to buy needed equipment—seed, fertilizer, clothing, and food—and so put them on their feet again. Along with the loans goes expert advice on farm management. The great majority of those aided have greatly improved their conditions.

The Farm Security Administration is also experimenting with different types of farm organization, including complete agricultural cooperatives that break sharply with the traditional American concept of the independent family farm. Some help is being given to migrants by providing them with camps. A tenant-purchase program is now enabling some 13,000 tenants and laborers to buy their own farms with the aid of long-time Government loans, and 9,000 more will be helped in the same way next year.

The Farm Security Administration has done much good work in its effort to aid low-income farmers and tenants. The emphasis has been on subsistence farming in order to minimize the possibility that the rehabilitated farmers will add to the already excessive agricultural supplies. Nevertheless, the need for at least some cash obliges them to produce for the market to some extent. There is a danger that people on such subsistence farms will become part-time industrial workers in factories that have fled to small towns and are looking for docile, low-priced labor. In any case, subsistence farming tends toward a living standard that is rather low at best.

Perhaps this cannot be helped so long as many more people are engaged in agriculture than are needed for commercial production at present levels of demand. And the excess farm population cannot now be used at good wages in industry, though an armaments boom can provide a partial remedy for a time. The long-run solution, as Mr. Wallace has suggested, may be to raise consumption of farm products by increasing the national income. Obviously, the dilemma is one of our whole economy, not merely of agriculture.

FEDERAL SURPLUS COMMODITIES CORPORATION

Urban relief is joined to farm relief by the Federal Surplus Commodities Corporation, which has bought billions of pounds of excess agricultural commodities for distribution to millions of unemployed people in the towns and cities. The food-stamp plan is the latest and most popular phase of this program. Thus, a start has been made to bridge the gap between farm surpluses and human wants.

The expenditures for agricultural adjustment, conservation, and farm relief from 1932 to the end of the present fiscal year will reach a total of $7,000,000,000. (This includes loans by the Farm Security Administration, some of which will eventually be recovered.) And the outlays have tended to rise year by year.

INCREASE AND MAINTENANCE OF FARM INCOME SINCE 1932

What of the results? Gross farm income almost doubled between 1932 and 1937, going from $5,500,000,000 to $10,600,000,000. During the last 2 years it has hovered about the $10,000,000,000 mark. When allowance is made for changes in the prices of goods bought by farmers, we find that agricultural real income has risen throughout the Roosevelt administration. In the past 3 years it has about equalled the levels of the late 1920's. Of course, the farm population is bigger than it was 10 years ago, which means that the real income per capita is somewhat smaller. Government payments to farmers have played an increasingly important role in this rise. But the net effect is the same—improvement in farm conditions.

Various types of farmers and different agricultural regions did not share equally in these gains. The incomes of farmers who entered the Agricultural Adjustment Administration programs increased more than did the returns of those who stayed outside and took their chances on benefiting merely from increased prices. Highly organized fruit and truck farmers on the Pacific coast and elsewhere gained considerably from marketing agreements, as did dairymen in important urban milksheds. Other fruit, vegetable, and dairy farmers have had smaller benefits.

In a broad sense, the whole agricultural policy of the New Deal appears to have been aimed at suspending the operation of natural forces on American agriculture. These forces, in general, have been tending to push people out of agriculture. It might well appear that the farmers who would go first are those who have failed in the competitive struggle, and that those remaining in agriculture are the more efficient farmers. If this were true, then the New Deal's policy—by counteracting such a tendency—has retarded the rise of agricultural efficiency. However, so long as nonfarming opportunities for rural people are meager, this would at least be a choice of the lesser of two evils.

Moreover, the meaning of efficiency in agriculture—as in other fields—is by no means definite. Pecuniary criteria no doubt would demand the weeding-out of many family farmers. But, as we have observed in an earlier chapter, pecuniary efficiency is not necessarily consonant with the greatest social well-being. Many family farms may not produce goods so cheaply, on a dollars-and-cents basis, as do other types of farm enterprise. Yet they may be vastly more important to preserve if they can produce good citizens. The relationship between agricultural policy and the general welfare deserves more attention than has been given it.

AGRICULTURAL ADJUSTMENT ADMINISTRATION BENEFIT PAYMENTS TO COMMERCIAL FARMERS AND CORPORATIONS

Inasmuch as the adjustment programs have dealt mainly with problems of commercial agriculture, their income contributions flowed primarily to the upper half of our farmers—that is, to the farmers who produce the great bulk of all agricultural products sent to market. Their situation has been greatly improved since 1932. Even in the period of general recession during 1937–38, governmental action tended to protect these farmers. And certain commercial producers, notably sugar growers, have been supported despite their relatively high production costs. They have been able to expand output at a time when other farmers have had to curtail acreage and production.

Very large benefits, too, were paid to corporations interested in farming. Payments of $10,000 or more were made under 348 contracts in 1933, and 564 in 1934. Some 94 producers in 1937, and 113 in 1938, each received over $10,000 as soil-conservation benefits. Most of these payments went to life insurance companies and banks that had become large owners of farms through mortgage foreclosures. The Metropolitan Life Insurance Co. alone was paid $257,095 for complying with the 1937 program. It may be that these large operators were not particularly in need of farm relief, yet their participation was necessary if the programs were to be made effective. Here again, complaint can be aimed less properly at the Agricultural Adjustment Administration than at our economic organization.

It is hardly surprising that such handouts to corporate farmers were sharply criticized, despite the fact that the great bulk of the Agricultural Adjustment Administration benefits went to family-operated farms. Congress responded in 1938 by prohibiting the payment of more than $10,000 to any one person or corporation. It is reported that few corporations have ceased to participate in the farm program because of this restriction. In some cases, however, it seems to place inequitable burdens on large agricultural enterprises.

As a result of coercive Agricultural Adjustment Administration programs, some large, low-cost commercial farmers perhaps have been hampered in expanding. Many farmers, indeed, have found themselves coerced by economic weapons into modifying their management so as to fit into a larger scheme. This may have been a severe loss to those who value their liberty as "free and independent" producers. But the cash compensations seem to have made most farmers willing to forego this liberty, or so the large majorities favoring the program under most Agricultural Adjustment Administration referenda would suggest. For cotton farmers, the impact of the Agricultural Adjustment Administration on their exports may yet prove to be decisive in their economic decline. But again, from the short-run point of view, these potential losses were offset by immediate gains.

EFFECTS OF AGRICULTURAL ADJUSTMENT ADMINISTRATION PROGRAM ON TENANTS AND LABORERS

Many share-tenants, croppers, and farm laborers have benefited little from the Agricultural Adjustment Administration. Indeed, many have lost employment and incomes as a direct result of crop curtailment.

Reduction of crops under the adjustment programs meant that fewer man-hours were needed in their production. On an owner-operated farm, the general result was that the farmer and his family had more time available for other purposes without having their income reduced. But on tenant farms and on farms with hired workers, inequities in sharing the reductions in labor time and the benefit payments could easily arise. This was especially probable in the South, because of its sharp social cleavages and the complexities of its landlord-tenant relationships.

The need for labor on cotton farms and plantations has decreased in recent years, and this has popularly been attributed to the Agricultural Adjustment Administration. Studies sponsored by the Administration report that the early cotton programs had little responsibility for the displacement of tenants and sharecroppers, at least. On other hand, the Southern Tenant Farmers' Union asserts that the adjustment programs have been the primary influence in the removal of at least 500,000 tenant families from the land during the past decade. This estimate is perhaps exaggerated, but there is no denying the displacement of large numbers of farm tenants and laborers. And there is no doubt that many have been penalized by the adjustment schemes. Paul S. Taylor, an authority on migratory agricultural labor, reports that in 1934–35 the number of tractors in some of the most productive parts of the Cotton Belt doubled, and that this was made possible in large measure by the cash paid to landlords by the Government. He points out:

"The old system based on tenant and cropper families on small, family-sized farms is in process of profound transformation. In its place is appearing an industrialized form of agriculture employing wage laborers. * * * On the landscape are the marks of farms growing bigger and fewer, abandoned houses and rural depopulation, tenant farmers reduced to the status of wage laborers thrown on relief and scattered to other districts. Landlords clash with their tenants over the crop-adjustment checks, though not openly or in organized fashion. The landlords force tenants off the place, then use the increased cash income resulting from the agricultural-adjustment programs * * * as payments on tractors. * * *"

Professor Taylor's study deals with the western Cotton Belt, which is likely to produce an increasing proportion of our total cotton output in the future. In the Old South it is probable that the displacement of tenants has been much less severe.

In justice to the Agricultural Adjustment Administration, we should note that it has long been common practice among landlords to shift their workers from cropper to wage-labor status and back again, as the cotton production cost and price outlook have fluctuated. In general, and at given wage rates, a landlord finds it increasingly worthwhile to use wage-labor as the price of cotton rises. Agricultural Adjustment Administration acreage control, loans, and benefit payments have tended to advance the price, and so have contributed to the shift from sharecroppers to wage-workers. Furthermore, many rural workers probably have preferred Work Projects Administration relief to laboring in the fields at low wages.

DISPLACEMENT BY MECHANIZATION

A great deal of the displacement of tenants, croppers, and laborers has resulted not directly from Agricultural Adjustment Administration acreage curtailment but from mechanization. To be sure, technological changes in cotton cultivation have been accelerated by the Agricultural Adjustment Administration, not only to the extent that it has given cotton planters cash with which to buy machinery, but also because the substitution of machines for tenants and croppers enables the landlords to double their share of the Government subsidy. Thus, a farm-machinery dealer in the South can well say that the Agricultural Adjustment Administration has been "God's gift to the tractor people." But it is probable that this would have taken place even if the adjustment programs had not operated.

CONFLICTS BETWEEN LANDLORDS AND TENANTS

The Adjustment Administration has also been criticized sharply for alleged unfairness in the distribution of benefit payments among landlords and tenants of the South. Elsewhere in the country both landlord and tenant signed each contract, and apparently there was little conflict over the division of benefits. Under the cotton plow-up in 1933, the Administration intended that its payments should be shared in accordance with the interests that landlord and tenant had in the crop. But in 1934–35 the payments were considered to be largely rent for land taken out of cultivation, and croppers and nonmanaging share tenants were entitled to relatively little. Many landlords deducted old debts owed them by tenants from the tenants' share in the benefits. There is evidence, too, that unscrupulous landlords retained money that should have gone to their tenants. On the other hand, many owners with cash- or share-tenants were dissatisfied with their part in the payments, and some refused to sign contracts for that reason. The Agricultural Adjustment Administration was placed in a dilemma by these conflicts. But it felt obliged to secure maximum participation in the programs, and it is therefore not surprising that it made concessions to operating farm owners.

PRESENT METHOD OF DISTRIBUTING BENEFIT PAYMENTS

True, the Administration has attempted to minimize such inequities by seeking to divide the reduction in acreage proportionately among landlords and tenants. Under the present program, soil-conservation and parity payments are distributed in the same proportion as crops are shared under the terms of the landlord-tenant agreements, except that payments for soil-building practices are divided in accordance with the contribution of each party. Checks are made out separately to landlords, tenants, and sharecroppers. The act specifies that extra payments are to be made to persons who would otherwise receive only small amounts. And it obligates landlords not to reduce the number of their tenants below the average number on their farms during the three preceding years. The loop-hole is that the limitation applies "only if the county committee finds that the change or reduction is not justified and disapproves such change or reduction."

According to a Missouri planter who has been seeking fairer treatment of croppers, this provision has lead to:

"* * * a situation which exposes committeemen to constant and unceasing pressure and which inevitably leads to contradictory and confusing decisions. * * * It is not overstating the case very much to say that we have almost as many different tenancy or worker policies in cotton control as there are counties and county committees. * * * What happens after a landlord decides upon a change? He goes to the committee and thereupon the three harrassed men who are trying to run a complicated cotton program find themselves in an impossible position. They know very well that since 1933, other owners have shifted to day labor and are getting all the payments. Why, therefore, should they discriminate against this late-comer? * * * They get very little credit if they stand firm and try to run a good program. On the other hand, determined and oftentimes greedy men give them hell if they disapprove the change. With this situation, the result can be foreseen.

More and more shifts occur. More and more sharecroppers become a part of the floating and dispossessed army that is a constantly growing threat to the stability of the South. * * * But the planters who do not choose to go to the day-labor route may still be unwilling to be outsmarted by those who do. So they may elect other effective means to divert the cropper's payments into their own pockets, among which are what sometimes are called bonus rents, privilege rents, and side assignment arrangements. Whatever these arrangements are called, they constitute a means of taking the payments that Congress intended to go to the tenant and sharecropper."

As indicated above, the present adjustment laws are not so lacking in safeguards for tenants as was the original act. Yet, they are still plentifully supplied with loop-holes by which the landowner may, if he wishes, profit at the tenant's expense. According to a newspaperman, Charles Edmundson—

"Among some high officials of the Department of Agriculture itself, there is indignation that no greater protection has been offered to tenants and sharecroppers * * * Agricultural Adjustment Administration officials tend to blame Congress for the faults of the law. Congressmen say, with dubious authority, that the provisions are working satisfactory in communities where the tenants and sharecroppers have a political voice. But representatives of the sharecroppers reply that the administration is to blame for not having brought pressure on Congress to write a law that would protect the sharecropper."

Relatively larger gains to the landlord group have apparently not been peculiar to the South. A study of the distribution of the Agricultural Adjustment Administration benefits in the Corn Belt led Walter W. Wilcox to the following conclusion:

"It may safely be concluded that landlords as a group have benefited more from the Agricultural Adjustment Administration * * * than have tenants. The same conclusion might also be applied to large farmers as compared with small farmers. * * * Nevertheless, in spite of unequal benefits * * * almost all Iowa farmers find it profitable to be in the Agricultural Adjustment Administration program this year, as in 1939."

FARM LABOR EXCLUDED FROM PROTECTIVE LEGISLATION

Agricultural workers are largely excluded from the benefits of protective labor laws and social insurance, and agricultural wage-workers' incomes and employment opportunities have improved little since 1932. The Agricultural Adjustment Administration legislation makes no provision that hired workers be compensated for loss of employment due to acreage reduction. Farm workers in recent years have probably been in a worse situation than at any other time in our history since the end of Negro slavery. This is mainly the cruel outcome of the onrushing mechanization of agriculture. The widespread adoption of tractors and other farm machines has wiped out the need for migrant labor in most of the grain areas, and it is greatly reducing the demand for wage workers everywhere. Furthermore, the exemption of agricultural employers from the requirements of the Wage and Hour Act virtually lends official sanction to the long working day and low wage rates characteristic of farm employment. To be sure, some protection has been given to sugar-beet field workers under the sugar acts.

At best, it is exceedingly difficult to operate the programs—set as they are in the going agricultural system—in such a way that tenants, croppers, and laborers will have complete protection against loss of income. And it would be unfair to censure the Agricultural Adjustment Administration too severely for neglecting the submerged half of our farm population. Any agricultural program designed to help farmers by means of operations in the traditional price system must of necessity concern itself primarily with commercial farm operators. Nor can the Agricultural Adjustment Administration be blamed for fundamentally insecure labor and tenancy conditions in the South. As the Brookings Institution says:

"Those who have most strongly criticized the working of the program on this score in effect contended that it should have operated to correct conditions which have been more than a century in the making, which the Adjustment Act was never designed to correct and which call for readjustments so fundamental that another century will probably not see them nearly made."

SPECIAL GOVERNMENT ATTENTION TO LOW-INCOME FARMERS

Responsibility for the distress of farm laborers hardly rests with the Adjustment Administration. Perhaps it might have undertaken to protect them somewhat more, but it could not go far under the terms of its programs.

We must keep in mind, too, that some efforts on behalf of less fortunate rural people are being made, especially under the Farm Security Administration. As we have seen, these activities are perhaps little more than experimental, but they are a beginning. In view of the political power of the various groups in agriculture, it is surprising, not that so little is accomplished for poorer farmers, but that even this much is being done.

In fact, under the New Deal, low-income farmers have been the object of special governmental attention for the first time. Of outstanding importance is the recognition that their problems require measures that go beyond those intended to aid commercial agriculture. As we have noted, rehabilitation loans and grants and expert counsel have helped over a million of the most insecure farmers. Thousands have been moved from submarginal land and settled either on individual farms or in cooperative communities where they have a better chance of making a living. A small number of farm wage workers and tenants have participated in the tenant-purchase program, and a few have been settled in experimental communities. Others have availed themselves of the migrant-labor camps established by the Federal Security Administration on the Pacific coast and in Florida. Most of the immense job remains to be done, but at least a start has been made.

COUNTY PROGRAM—PLANNING COMMITTEES

At this point we may seek to assess certain claims made by advocates and critics of the New Deal farm policy. One group emphasizes the democratic character of producer referenda and county program planning committees. The other points to licenses, orders, marketing quotas, and penalty taxes—and cries, "Regimentation!" As in many heated controversies, the truth seems to lie somewhere between the two extremes. In 1934 Mr. Wallace warned of "compulsory control of marketing, licensing of plowed land, base and surplus quotas for every farmer for every product for each month in the year * * * and Government control of all surpluses * * *." Since then, indeed, control of marketing and crop surpluses has been instituted in large measure.

Mr. Wallace also feared the day when "every plowed field would have its permit sticking up on its post." Already we hear demands for a restriction of the entrance of new farmers into production.

Unquestionably, the agricultural policy under the New Deal has been tending toward "regimentation," if by that term we mean a degree of centralized planning and control, compliance with which is obtained both by persuasion and by fear of economic or other penalties. Still, this is not the whole story. We have perhaps moved far toward this kind of "regimentation," yet in 1938 a minority of tobacco farmers could prevent the imposition of marketing quotas favored by the majority in a referendum. Moreover, the various county committees have had their powers and scope of operations constantly expanded. According to Secretary Wallace:

"We are slowly building a mechanism, county by county * * * by means of which the farmers themselves will determine the elements of their total agricultural program, will decide how these elements may be welded together in one effective program, and finally will administer that program * * *. Our job in the Department and in the colleges is to put the facts before them, and to abide by their decisions."

This sounds not at all like the language of a dictator. Nor does the declaration of M. L. Wilson, that "* * * as changing national and world conditions require national policies by the Federal Government in agriculture * * * the national aspects of these programs must be offset by proportionately increased individual participation by the farmer and his family in the formation of the national policy and its administration."

Questions really involved here are: How democratic are these processes in actual operation? How effective are they? Do the county and community committees, which play an important part under the various farm programs, represent all groups in the farm community, or are they packed with farmers in the higher-income brackets, or with those who belong to a political clique, or with those who are friends of the county agents? To what extent do the subsidies warp their judgments? Is sufficient information available to these bodies so that they can make wise decisions? Are their members capable of arriving at conclusions that must be based on complex data, and many of which must be related inevitably to nonagricultural affairs in the Nation and with international developments?

No conclusive answers can be given to most of these and similar questions at present, inasmuch as systematic data on the activities of the committees is not available. It is regrettable that the Department of Agriculture, with its extensive research facilities, has not made a formal study of the operation of even a representative sample of the county committees, their composition, and operation.

In the early years of the Agricultural Adjustment Administration, certainly, many county committees were anything but representative of all farm groups affected. Two observers of the 1933 cotton "plow up" wrote: "The county agent was the local keyman in the campaign. He appointed a county committee, composed of the leading big farmers * * *. In the hundreds of counties we visited we did not find a single case where a sharecropper or a representative of the poorer ranks of farmers was put on the committee." And such a situation was probably not peculiar to the Cotton Belt.

There is at least some testimony that the recent operation of the cotton programs in the field has been a parody of "farmers' democracy." A staff correspondent of the St. Louis Post-Dispatch writes:

"New Deal enthusiasts in the Department of Agriculture like to expand upon the Agricultural Adjustment Administration as a 'new form of democracy, a kind of self-government, that reaches down to the grassroots and touches on economic as well as political organization.' This glowing description is hardly sustained by the facts one finds in a first-hand examination of the way the Agricultural Adjustment Administration is working in the Cotton Belt. * * * The law presupposes that all 'producers' have the right to vote in electing these all-important (county) committees—'producer' being defined to include tenants and sharecroppers as well as landowners. But while this is the nominal intent of the law, the reality is often something quite different. In and around Tunica, Clarksdale, and Greenwood, Miss. * * * not 1 out of perhaps 50 Negro tenant farmers interviewed had ever heard that he had the right to vote in electing the committee. And a white sharecropper, who knew he was supposed to vote in electing the only body which could protect his rights, was almost an equal rarity. But it would be an error to assume that the sharecroppers are barred from all Agricultural Adjustment Administration elections. Each year the 'producers' vote on whether they will continue the crop-control scheme for another year. In these elections the landowners not only notify the tenants and sharecroppers of the approaching election but see to it that they vote. This balloting is not secret, and the sharecroppers say that they are firmly advised how to cast their votes. * * * This, in general, is the way the 'new form of democracy' works in the great Delta sections of Mississippi, Arkansas, and Louisiana. It is much the same in Alabama and Georgia's fertile Black Belt."

In general, however, it appears that the county committees have done their work at least satisfactorily, so far as application of the program goes, for the Department has often expressed its appreciation of their services. According to the Brookings Institution:

"It is the testimony even of the most conservative and independent of the directors [of the State agricultural agencies] that the commodity programs of the Agricultural Adjustment Administration substantially increased the amount of active participation of local farmers in study of basic problems of efficient farm management and developed many new local leaders."

And where political troubles have arisen, as in an attempt in 1935 to weld the committees into a national pressure organization, the Administration has taken prompt and effective action. On the other hand, it is hard to see how committeemen can escape the temptation to manipulate local application of programs so as to maximize the flow of benefit payments to their counties.

Problems of a more technical nature may also develop as the scope of the committees is widened. How much freedom shall they be given to depart from the national plan? After all, if even minor modifications in a particular direction are made in many counties, the total extent of departure from the national plan may be serious. Shall adjustments in one county be permitted to shift problems to other localities, as when county committees advise their surplus population to move to other sections? These and other problems will no doubt be dealt with as they arise, with results that we must await.

Finally—and this is a very important question—does the scheme for a "farmers' democracy" make room for democratic participation by nonfarm groups that also have a proper concern for agricultural policy? Or is it just one more way of organizing private groups, under governmental auspices, to work primarily in their own interests? One answer has been that Congress represents the general public's interests in the shaping of farm policy.

THE OUTLOOK FOR AMERICAN AGRICULTURE

There is no question that the New Deal's programs have resulted in substantial immediate benefits to farmers. They have won considerable success in their primary mission of overcoming depression on the farm front. But it is intended that agricultural income be raised—not as a result of mere "handouts," but as a result of efforts to strengthen farmers in the markets. What, then, seem to be the longer-run trends of American commercial agriculture? Is it being fundamentally strengthened by current policy? And what of the disadvantaged half of our farmers, those whose fortunes are less intimately bound up with the markets for commercial crops? Such are the ultimately important questions.

It must be said that—so far as the great staples are concerned—the basic dilemma remains. And this, as we have seen, is finally a dilemma of our entire economy. Large potential supplies and inadequate demands, at home and abroad, still tend to hold prices at levels unprofitable to many farmers. Not only have underlying weaknesses of our agriculture been perpetuated, but new strains and stresses have appeared. In the absence of subsidies, many farmers' incomes are likely to remain inadequate. To be sure the Agricultural Adjustment Administration has effected some reductions of current market supplies, and it must be kept in mind that its controls were virtually suspended in 1936–37. Moreover, much good is likely to flow from the Agricultural Adjustment Administration's encouragement of shifts of acreage from cultivated crops to pasture crops, not least because this reduces soil depletion and erosion. But at the same time, other forces—chiefly technological and biological—are tending to increase agricultural yields. And there is always a question whether farmers will agree to further reduction of output, so long as they see a political possibility of obtaining subsidies. True, in years of bumper crops farmers may approve of governmental efforts to withhold stocks from the market, but they are not so likely to support subsequent sale of these stocks.

On the whole, our farm programs have concentrated on short-term problems, those that can be expressed in terms of prices and incomes over a period of a few years. A major exception is the effort at soil conservation with its concern for the saving of our priceless land resources. But the dilemma of a far-flung agriculture, whose foreign markets are fast ebbing away, has not been faced directly or completely. No effective answer has been given to the primary question of how many of our people we want in agriculture, and what role we wish agriculture to play in our evolving economy. Perhaps this concentration on more immediate problems and tasks is inevitable in a democracy where political pressure from powerful and selfish groups is constantly prodding government into paths of least resistance.

As would be expected in the given political and social environment, the programs have revolved principally around aid for the commercially significant farmers. Relatively little help has gone to the most disadvantaged rural people—the smaller, poorer farmers and tenants, and the farm wage workers. There is also a possibility that benefits under the programs accrue as an added return to the land. If this is capitalized in higher land values, the purpose of helping farmers in need tends once again to be defeated. In other words, the adjustment of benefits to human needs has been none too close. To some extent, at least, this has been unavoidable in view of practical and legal necessities. Moreover, we must always keep in mind that the New Deal administration has at least recognized the problems of disadvantaged farmers and laborers, and that it has taken steps in their behalf. But these steps are still far short of what is needed in order to tackle their problems and overcome them.

Too little emphasis has been placed on stimulation of demand, at least in the earlier years of the New Deal programs. Moreover, efforts to reduce production of export crops have tended to be self-defeating, largely because they have encouraged foreign producers to increase their output. That is, not only have the farm programs done relatively little to raise demands for the staples, but also in some cases they have operated to reduce the market outlets. This has been most serious for cotton. Support of American cotton prices above world levels, by means of loans and storage, has checked sales in markets abroad and stimulated foreign production of the staple. The farm programs are by no means alone responsible for this decline. Yet it remains that most of our foreign cotton market is lost—even if we are prepared for extensive subsidization—and that the situation of American cotton agriculture is precarious. It is the weakest sector in our farm economy.

To be sure, an increasing amount of foodstuffs has been made available for consumption by low-income families. And the food-stamp plan promises to do much to break down barriers to the consumption of farm products by millions of Americans who suffer from inadequate diets. Surely this is more humane, and in the long run economically wiser, than to "dump" the goods abroad or to store them speculatively for long periods at home. Yet, in the main, domestic demands can be raised substantially only if our entire industrial system operates on higher levels than in the past. This is hardly within the scope of agricultural programs as such, but it must be the objective of a broader national policy of which agricultural programs are a part.

DECLINE OF WORLD MARKET

It is true that general economic recovery since 1933 stimulated domestic demands for some products, but not sufficiently to enable us to say that the crisis is ended. The world market outlook still points to declining American farm exports. And the New World War has further darkened the long-run prospects. Demands of the belligerents for food and cotton may rise if the war is protracted, but they cannot be expected to remain on high levels after the war. We do not know what the ultimate effects of the war will be on our agriculture. But inasmuch as the incomes of belligerent peoples are likely to be reduced, we can expect only a restricted outlet for American farm products in Europe. Some observers look for increased exports of our industrial products to Latin American countries, because of the inability of Europeans to supply them. Yet it is hard to see how this could directly help our agriculture, simply because those countries also produce surpluses of grains, meats, and cotton. In fact, if our industrial exports to the South Americans increase greatly, and if we expect to be paid, then it seems inevitable that we must accept increasing amounts of agricultural products from them.

It is hard to escape the conclusion that—unless domestic demands increase greatly—three possibilities confront us: Millions of rural people must be doomed to chronic poverty, or must leave the land, or must be subsidized by the Government. But our farmers will not sink into chronic poverty without vigorous protests, and they have political power to translate their protests into action. On the other hand, if our urban economy were to expand so that it could absorb farmers at decent wages, then much would be gained. But, with millions of industrial workers unemployed, the low-income farmers and the young people backed up on farms cannot move to the cities to make a living. Indeed, certain authorities believe, not without reason, that any large reduction of our rural population would be a national calamity. At any rate, so long as our urban economy does not expand greatly, we must be prepared to hear demands for continued agricultural subsidies. And again, the political power of farmers makes it probable that these demands will be met.

Of course, it is not likely that the future will witness any one of these alternatives alone. Life is not so simple. Industry will probably continue to absorb some rural people; others will become poor or even poorer; still others will be helped by the Government to stay on the land. Some farmers, especially those with low costs, may make good livings even without special help. Prophecy of social changes is dangerous. But, short of unforeseeable developments, America cannot be expected to maintain a large rural population on satisfactory living levels without public aid. Otherwise a growing unrest among farm people might well endanger our democracy.

There is a final question: Is subsidy even less desirable than the evils it is intended to overcome? Many persons think so. They see vested interests being built up, and demanding more and ever more from the public purse. They also argue that subsidies restrict the ability of nonagricultural industries to employ people now on farms. Joseph S. Davis, an eminent agricultural economist, declares:

"Raising farm income above its economic equilibrium level tends to mean more farmers than can earn these incomes; this hampers consolidation into more efficient operating units, creates a problem of surplus farm population, and intensifies demands for subsidies to farmers; and it logically leads next to restraints on entrance into farming * * *. No one has yet seriously proposed that measures to regulate acreage, farming procedures, production, and marketing be reinforced by regulation of the entrance into and exit from farming, but these are logical further strands in the tightening web of regimentation * * *. Farmers have set great store by independence, whatever its limitations in practice. The new policies are not only curtailing this independence but sapping their morale, even though many recognize as bonuses payments that are camouflaged under more appealing names. Once accustomed to a gentle rain of Federal checks, farmers are reluctant to see the rains cease—however irrational the procedure may appear to them, however uncomfortable the terms imposed. Regardless of the purity of motives of the administration, a subtle form of political corruption is involved; for farmers' votes are effectually influenced when their income seems to depend increasingly on political measures, and less and less on the economic value that society sets on their products and services * * *. I believe that beyond somewhat narrow limits higher real incomes per farm family are conditioned upon reductions in our commercial farming personnel, as well as increase of size of commercial farms to accommodate improved machine technique; and that subsidies to keep more people in farming will not avail, in the long run, to raise incomes per farmer."

There is merit in these criticisms. However, it is one thing to criticize farm policy, and quite another—and much more difficult—thing to propose alternatives that are politically feasible.

Moreover, it ought to be recalled that government has always subsidized one group or another, not least many people who consider themselves "ruggedly independent." Indeed subsidies can sometimes be justified. Short-run subsidies may be advisable when there are sudden large changes in demand or in technology that would result in great hardships to many persons. Long-run subsidies may be warranted when there is a continuing discrepancy between market demand and social utility. Here, of course, the difficulty is objectively to measure "social utility." As for American agriculture, it may be argued that short-run aid is required because the only practical alternative is increased poverty for many farmers. Secondly, long-run subsidies may be desirable if we are convinced that farm life has inherent social values not found elsewhere.

One conclusion is forced upon us, again and again. Our farm problem is part and parcel of our national problem. We shall have surpluses of goods, surpluses of farmers, cries for public help, so long as the incomes of American families remain on their present levels. So long as men and women do not have adequate food or sufficient clothing, we shall suffer from the folly of want in the midst of plenty. Yet we cannot resign ourselves to accepting this as inevitable. The task before us is to find means for making a wise and humane use of all our resources. It is here that America's agriculture will find its salvation. And here is a task calling for the highest social statesmanship.

TESTIMONY OF CARL T. SCHMIDT—Resumed

The CHAIRMAN. Congressman Osmers will interrogate you, Dr. Schmidt.

Mr. OSMERS. I wonder, Dr. Schmidt, if you would care to summarize your statement briefly for us. As the Chairman said, your entire statement will be placed in the record. I wonder if you would care to high light it for us?

Mr. SCHMIDT. Yes, sir. My statement is concerned with the general picture of American agriculture in recent years, and its outlook in the foreseeable future.

It falls into four parts:

First, a consideration of basic forces that have been making for persistent depression in American agriculture during the past 20 years; secondly, an outline of the main elements of our farm policy and programs since 1932;

Thirdly, some comments on the effects of the Agricultural Adjustment programs on farm laborers and farm tenants; and, fourthly, a brief indication of the outlook for American agriculture.

Would you care for me to dwell on any of these sections particularly?

Mr. OSMERS. Well, speaking as one member of the committee, I would like to have you dwell, if you will, on the outlook for American agriculture with particular reference to the future migration that may come as a result of agricultural conditions.

Mr. SCHMIDT. It may be a little bit difficult to make quite clear what I have in mind with respect to the predictable future of American agriculture without first considering some of the forces that have been making for depression. However, I will go on to that if you wish.

Mr. OSMERS. Well, proceed in your own way on that, Dr. Schmidt.

CAUSES OF DECLINE OF AMERICAN AGRICULTURE

Mr. SCHMIDT. Yes, sir. I think we can briefly summarize the nature of the factors that have been making for a decline of American staple-crop agriculture during the past 20 years, or even during the past generation, somewhat as follows:

Our staple-crop-farm system was built up not only to supply domestic demands but also great foreign markets.

During the past generation, particularly since the first World War, the foreign markets for American staple crops have declined very seriously. At the same time domestic demand has tended to stagnate. That was evident even before the beginning of the great depression in 1929.

On the other hand, our farmers, our staple-crop farmers, have continued to produce in great abundance, hence a persistent tendency for the prices of these staple crops to decline, or at any rate to decline in the face of relatively rigid costs of production and farm living.

Another way of putting it is to say that these forces of supply and demand have tended to make prices received by farmers insufficient to enable them to live satisfactorily.

In broad terms we should also take note of the contrast between the small-scale highly competitive character of American agriculture on the one hand, and the increasingly integrated large-scale character of American urban industry on the other hand.

This contradiction between two great parts of our economic system goes a long way toward explaining the relative weakness of farm prices.

Furthermore, as I have indicated, the foreign markets for our cotton, our wheat, our hog products, and tobacco have contracted seriously since the World War.

In general we can attribute this decline in our foreign markets to the rise of new competitors to our American farmers in other parts of the world, as, for example, in the Argentine, Australia, Canada.

We can attribute it furthermore to the growth of economic nationalism, especially in European countries who were formerly good customers of American farmers.

And certainly we can attribute some of it to nationalistic economic policies in this country, particularly with respect to our tariff programs.

Furthermore, as noted a few moments ago, domestic demand has tended to stagnate. In the main this is a function of the tendency of our rate of population growth to decline.

It is estimated that in time there may even be fewer mouths to feed and backs to clothe in this country than there are now. At any rate this slowing down in the growth of our population has removed one important bulwark from our agriculture that supported it in large measure during the nineteenth century.

Mr. CURTIS. May I interrupt you to ask a question?

Mr. SCHMIDT. Yes, sir.

STAPLE CROPS AND PERCENT OF CONSUMPTION

Mr. CURTIS. What crops do you classify as "staple crops"?

Mr. SCHMIDT. By staple crops we generally understand cotton, corn, hogs, wheat, and other small grains, and tobacco, primarily.

Mr. CURTIS. What percentage of these staple crops are consumed in the United States? What percentage of our production?

Mr. SCHMIDT. I should say that as regards cotton at the present time, roughly, 65 to 70 percent is held in this country. A good deal of it in recent years, of course, has not been consumed but is merely being held in storage by the Government.

Mr. CURTIS. What is true about wheat?

Mr. SCHMIDT. About 80 to 90 percent.

Mr. CURTIS. Perhaps closer to 90 percent, is it not?

Mr. SCHMIDT. I should think so ordinarily, yes, sir.

Mr. CURTIS. And corn and pork products?

Mr. SCHMIDT. Hog products, perhaps 90 percent. Also our exports of lard have fallen off very considerably during the last 10 or 15 years. And tobacco, I should say, perhaps 70 percent. That is, up to a year ago, at any rate, 70 percent was consumed in this country. The percentages going to foreign markets is very much smaller than they were 15 or 10 years ago.

Mr. CURTIS. Are we an exporter of corn normally?

Mr. SCHMIDT. Not normally; no, sir.

LOSS OF FOREIGN COTTON MARKET

Mr. CURTIS. Now, in regard to this, one of the Representatives spoke on the House floor Monday of this week, a gentleman from Mississippi, a cotton-producing State, and he stated that the expansion of the production of cotton in Brazil followed immediately the passage of the cotton-reduction legislation in the United States. Is that true?

Mr. SCHMIDT. It may look so, sir. I don't believe that the obvious implication, however, is entirely correct, namely, that there is an immediate cause and effect relationship between the cotton programs in this country and the expansion of cotton production in Brazil.

In part, apparently, Brazilian farmers were encouraged to turn to cotton growing by reason of their difficulties in exporting coffee. In part, and this holds for other cotton-producing areas outside of the United States whose production has been increasing in recent years, this is a part of a general tendency for production of this staple increase in low-cost areas.

Some of these areas produce cotton at lower prices than is possible for the American farmers.

Mr. CURTIS. Well, our export cotton business is practically gone, is it not?

Mr. SCHMIDT. I should say so; yes, sir.

Mr. CURTIS. Do you anticipate that we will regain that?

Mr. SCHMIDT. Short of unforeseeable developments abroad, I don't think so.

Mr. OSMERS. Would you say, Dr. Schmidt, that the use of substitute materials for cotton has been a contributing factor to the difficulties in the cotton market?

Mr. SCHMIDT. Yes, sir; it has.

Mr. OSMERS. I am thinking principally of rayon at the moment.

Mr. SCHMIDT. Yes, sir; it has contributed very largely. Of course, in certain European markets, such as Germany and Italy, it has contributed principally to a shutting off of our markets.

Mr. OSMERS. You mean the drive toward self-sufficiency on the part of those nations has driven them away from the cotton market. Is it also true that a contributing factor to that situation was our refusal here 5 or 6 years ago to take our usual share of Germany's products?

For example, was that a contributing factor in their seeking other sources for cotton and other materials?

Mr. SCHMIDT. I am not informed about that particularly or that specific case, but I would say that in general the barriers that we have thrown in the way of imports from foreign countries have contributed to the general difficulties of our farmers and particularly our cotton farmers.

ACREAGE REDUCTION NOT SATISFACTORY TO REDUCE PRODUCTION

Mr. CURTIS. You spoke of the reduction in farm production. Do you contend that acreage reduction is a successful and satisfactory method of reducing production?

Mr. SCHMIDT. Experience under the adjustment program seems to indicate to the contrary in general. As we see in the development of our agricultural legislation in recent years, there has been resort to other devices for restricting production or, at any rate, restricting the marketing of crops.

Mr. CURTIS. Two things have happened, have they not? One of them is the soil-conservation practices that have gone along with the acreage reduction, plus the effort to make the farmer a better farmer and the teaching of intensified farming. He has raised more bushels of corn in many instances with the added help of hybrid corn than they did a few years before.

Now, in reference to the price structure. The 10-percent excess of wheat that we produce over our normal consumption is determining the price of the entire crop, is it not? Or it is a very important factor?

Mr. SCHMIDT. It is a very important factor; yes, sir.

TWO-PRICE PROPOSAL

Mr. CURTIS. Do you care to comment upon the two-price levels? Do you think that we should have legislation that would establish a just and adequate American price for the 90 percent of the wheat consumed in this country and a different price for the 10 percent that is surplus?

Mr. SCHMIDT. The fundamental difficulty in the way of the two-price proposal, it seems to me, is the likelihood of retaliation by the very people to whom we want to sell this excess of our crops. That is, if we are ready to go ahead and dump these crops at any price they will fetch in foreign markets, at least in some of them we are likely to find a retaliation in the way of counter-dumping.

Mr. CURTIS. We are virtually doing that anyway, aren't we?

Mr. SCHMIDT. We are doing it to a limited extent; yes, sir. Despite the avowed opposition of our governmental agricultural leaders, we have resorted to these export subsidies, presumably just because in our desperation nothing else seemed to promise any help at all.

Mr. CURTIS. I perhaps should not have interrupted you when you were proceeding with your statement.

DIFFICULTIES IN STAPLE CROP AGRICULTURE

Mr. SCHMIDT. I think I was discussing very briefly factors of demand that have been tending to depress farm prices in addition to the tendency of population growth to fall off.

There have been changes in dietary habits, such as a reduction in the per capita consumption of wheat and potatoes, and apparently certain kinds of meat. And then also shifts in production of textiles away from nonagricultural fibers as was mentioned a few moments ago.

On the other hand, as I pointed out earlier, farmers have tended to go on producing in large quantities. A fundamental explanation for this continuing flood of staple crops onto our markets is to be found in the mechanization of agriculture, together with other advances in agricultural techniques that have been taking place at a very rapid rate during the past generation, and particularly rapid during the 1920's, and again within the last 5 or 6 years.

There are various estimates, of course, with respect to the increase in labor productivity. That is a consequence of this rise in the productive efficiency of agriculture.

One estimate has it that the average farmer and farm worker in 1938 was producing something like 50 percent more than he did in 1909.

There are even more impressive examples of that kind of thing, but I will not burden the record with them here.

Then, finally, among these factors making for fundamental difficulties in staple-crop agriculture or fundamental difficulties, at any rate for the people in the various staple-crop industries, are certain influences that are not strictly related to the market.

After all, a great many of these people get only a part of their income by way of market prices. There are other factors, such as illiteracy, racial and social prejudices, and cleavages, farmers working on poor soil or on too small farms. These are also factors that should be borne in mind in trying to understand the troubles of the American farm population in recent years.

Another section of my prepared statement is concerned with agricultural policy and programs since 1932.

I don't know whether you care for me to discuss them briefly again or not.

Mr. CURTIS. We would be very happy to have you proceed.

AGRICULTURAL POLICY AND PROGRAMS SINCE 1932

Mr. SCHMIDT. In brief outline, then, it can be said that the agricultural adjustment program of 1933 to 1935 was based on the thesis that in view of these difficulties we have been reviewing, immediate help to farmers in the way of higher prices and higher incomes could be obtained only by efforts to curtail market supplies. The devices used to that end are fairly familiar. The Agricultural Adjustment Administration undertook to obtain participation by farmers in acreage reductions with respect to the major crops or so-called basic crops.

Later on, so far as cotton and tobacco were concerned, it passed over to a measure of coercing the control of marketing those crops. In return for their participation the contracting farmers were given benefit payments adjusted in proportion to the cuts in acreage or marketing that they had made.

Certain subsidiary features of the adjustment program of those early years, I think, we need not go into here.

Early in 1936 the original Adjustment Act was invalidated by the Supreme Court. Congress immediately adopted the Soil Conservation and Domestic Allotment Act, which in effect provided for, or seemed to provide for, an indirect means of attaining somewhat the same end as had been desired under the original Adjustment Act, namely, farmers were paid for shifting their acreage from so-called soil-depleting crops to so-called soil-conserving crops.

A great many of the soil-depleting crops as defined by the Adjustment Administrator included the staple crops or basic crops that were the concern primarily of the first adjustment program.

However, this soil-conservation program proved to be quite ineffective in restraining large production. Serious droughts in 1936 held the output of the staples down to relatively low levels. But in 1937 there were tremendous crops. The cotton crop in that year was, I believe, the largest on record, with the consequence that prices tumbled once again and farm income along with prices.

Early in 1938 Congress adopted the present Agricultural Adjustment Act, which incorporates the so-called ever-normal-granary scheme.

We can outline the general nature of the programs under this legislation as follows:

First, the effort at soil conservation by means of withdrawing acreage from soil-depleting crops. Farmers continue to be paid benefits for such performance.

Furthermore, farmers are offered loans. In fact, in certain cases loans are made mandatory to enable them to hold, or have the Government hold for them, part of a current surplus of any of certain of these staple crops, five in number, according to the 1938 Adjustment Act.

These crops are held in storage with the hope that in a subsequent season, a season of relatively short production, it will be possible to release them at more satisfactory prices for the farmers than could have been obtained if all of them had been sold in the year in which they were produced.

Furthermore, under certain conditions of supply and compulsory marketing, restrictions may be instituted for the five basic crops.

This, however, is subject to referenda among the interested farmers. If one-third of the farmers voting disapprove of a compulsory limitation or marketing of a particular crop in a certain season, then no such control will obtain.

Furthermore, the act breaks new ground in developing a system of crop insurance for wheat farmers.

It is this so-called agricultural-adjustment program that has been most in the public eye in recent years. However, other important measures have been in operation during the years, measures that are not so much concerned with what we can call the commercial farmers as they are with our noncommercial farming population.

I am thinking there, of course, of the Farm Security Administration particularly—the rehabilitation loans, the tenant farm purchase program, and the establishment of a limited number of cooperative farm enterprises.

Furthermore—and this, of course, has received a good deal of publicity quite recently—for some time the Government has been purchasing considerable quantities of certain farm products for distribution among the low income of relief people. In the last few years this has taken a new development in the form of the popular food-stamp plan.

I should have mentioned a little earlier the very important programs with regard to agricultural credit for many farmers hard pressed by heavy mortgage debt.

The activities of the Farm Credit Administration in recent years have been the most important kind of help by far that they have received from the Government.

AGRICULTURAL PROGRAMS OF LITTLE BENEFIT TO AGRICULTURAL WAGE WORKERS

Now, I have a few comments further in my statement on the impact of the adjustment programs on certain elements of the farm population in whom you are particularly interested, namely, agricultural wage workers, croppers, and tenants.

First of all, we can say that tenants and sharecroppers have certainly received few benefits from the adjustment programs. A good many of them probably have been harmed by the direct or indirect impact of these programs.

Agricultural laborers by and large, we can say, have received no benefits at all. In fact, the incident of the adjustment programs has actually worsened conditions for them, while other segments of our wage-working population have received increasing guaranties, such as measures intended to restrict working hours, minimum guaranteed wages, guaranties for collective bargaining, and the like.

The agricultural wage workers have received nothing of that sort. There has been a tendency popularly to attribute a very large amount of unemployment among agricultural workers—and here I include sharecroppers and tenants in the South—to the agricultural program.

It seems to me that the story is not quite so simple as that. That is, it is not possible to say that the adjustment programs have led directly to a large measure of unemployment.

There is no doubt that in a good many cases they have done so. But by and large, I think, we can say that the great and growing difficulties of farm workers, croppers, and tenants have been a consequence of the onrush of farm mechanization.

However, the agricultural-adjustment programs certainly have contributed to that mechanization and particularly in the cotton South. It looks to me as if that has worked something like this: For one thing, the benefit payments—cash payments made by the A. A. A. to landlords—have given them the means with which to buy all sorts of farm machinery.

Furthermore, they have had a very real incentive to shift from a sharecropper to a wage-laborer basis, and that is again by reason of the A. A. A. benefit payments.

If a planter has sharecroppers working his land he must divide his benefit payments with them. That is, they receive their proportionate share of their contribution to the proceeds from the sale of the cotton. Hence, here we have a very real incentive given to landlords to hire these people by the day at so many dollars and cents and keep the whole of these benefit payments for themselves.

Furthermore, we should note that in general, as the price of cotton rises, there is a tendency, or has been a tendency for many years, for landlords to shift from a cropper basis to a wage-worker basis, and the reason for that is essentially the same as I have just outlined in connection with the division of A. A. A. benefit payments.

So operating in this indirect way, at any rate, I think it can be said, and not unfairly, that the adjustment programs have contributed very considerably to growing unemployment or virtual unemployment and particularly in the cotton South.

Now, a few comments with regard to the democratic character of triple-A procedures, especially procedures in the field.

Certain exponents of these adjustment programs have made a great deal of what they call the "farmers' democracy"—a farmers' democracy which is the guiding hand in the application, and, in fact, in the general operation of the programs.

This farmers' democracy is supposed to rest basically upon the local committees—general county commitees of farmers, which committees are concerned in general with the various details of application of the adjustment programs to their particular localities.

In the early years of the adjustment programs it is pretty clear that a good many of these committees—certainly not all, but a good many of them, especially in the South—were anything but representative of all of the farmers in their particular localities.

A great many of the committeemen in those years were chosen by county agents, and for rather obvious reasons these county agents were very often inclined to pick as committeemen outstanding farmers or the wealthier farmers in their communities.

Under the present regulation there is specific provision that the committeemen are to be elected by all of the participating farmers, and I believe "farmer" in this case is defined so as to include sharecroppers and tenants.

However, there is evidence—and I must admit it is rather scattered evidence—that over a considerable area in the cotton South especially the provision I just mentioned remains pretty much a dead letter.

It has been reported, for example, that in a good many counties tenants and sharecroppers have never even heard of such a provision.

I might say here that it is unfortunate that we don't have more satisfactory and more complete information on the matter of county committees under the triple A, their composition, and how they operate.

Then, finally, the prepared statement is concerned with certain broad generalizations about the outlook for American agriculture in the next few years or even in the next several decades.

OUTLOOK FOR AGRICULTURE

We have already touched on that earlier. I think I have little more to add on that point except that the present European war, of course, has darkened the outlook still further. It is hard to conceive of a restoration, even on a small scale, of our markets for cotton in European countries or even for a sizable restoration of our markets for certain other crops after the end of the war. That is chiefly because the incomes of the peoples in belligerent countries will be reduced, and the further possibility, perhaps a probability even, that the spirit of economic nationalism will be even stronger than it has been in the past.

I think it can be said that a number of alternatives confront us with respect to our agriculture and farm people. Either large numbers of them must sink into even deeper poverty or large numbers must leave the farms, or there must be continuing and perhaps even larger subsidies for our farm population.

I don't mean to pose these as completely separate alternatives. Life, it seems to me, is not quite so simple. What we can expect, no doubt, is something of each of these tendencies. There will be farmers who find the going ever more difficult and will sink into deeper poverty. Others will leave their farms and take jobs in towns and cities.

And I think in any case, no matter what the political complexion, we can expect to see continued subsidies to our farmers. But it is in the relative degree in which these alternatives develop that we can expect to see some possible differences resulting from whatever farm policy we apply in the coming years.

Unless our national income rises to considerably greater levels than in the last 10 years or even in the 1920's, it is difficult to see how large numbers of our farmers can escape very serious poverty short of much greater subsidies than the Government has been prepared to offer so far.

On the other hand, a marked rise in national income, primarily by reason of increasing production of nonfarm industries, would open up sizable opportunities for farm people to migrate from the rural regions to the towns and cities.

At the same time such a rise in industrial production would do something, at least, to stimulate the domestic demand for a good many farm products. Although here, unfortunately, I think we would have to admit that a rise in national income would tend to increase the demand for fruits and vegetables and dairy products and certain nonstaple products a good deal more than it would the demand for cotton and wheat and possibly even corn-hog products or certain corn-hog products.

Now, some people see this as the most desirable solution for our major farm difficulties. Others, however, insist that any great reduction of our farm population would be a national calamity. They insist on that because they see certain fundamental social virtues in farm life that are lost in the towns and cities. And their argument then, when it is intelligently put, looks toward a continuing subsidization of certain types of agriculture.

I say when it is intelligently put to rule out arguments that say any kind of a subsidy will do the trick, because obviously maintaining people in agriculture on living levels that are below our notions of decent living, or maintaining other kinds of people in agriculture, as, for example, large-scale operators or operators of factory farms, who obviously do not represent these alleged rural virtues, would not obtain the end that is desired by this particular group of students of farm problems.

What they would like to see is public measures designed to maintain what we call the "family farm"—the farm that is large enough to provide a secure living for a single family but not too large to enable them to manage the farm by themselves. A fundamental part of that concept of family farm, of course, is ownership of the farm property by the operating family.

In conclusion I would say that our farm problem is pretty clearly part and parcel of our national economic problem. That is, we cannot properly separate the farm problem from the general problem of producing more goods, providing more security for all of our people. In the end our farmers will be saved either on the farms or by giving them opportunities to go to towns and cities by whatever we can do to raise the general well-being of our people.

That concludes the summary of the statement.

Mr. Curtis. Mr. Schmidt, you spoke of the democratic processes in the selection of county committees on the farm program.

At the present time the State committees are appointed by the Secretary of Agriculture. Do you care to comment upon the proposition as to whether or not that should be changed so that someone back in the States, either the county committees or a committee of them select the State committees?

Mr. Schmidt. I am not prepared to discuss the details of proposed changes in legislation with regard to farm county committees. I would say, however, that it seems to me that legislative action is likely to be little more than superficial for a thing of this kind.

That is, if what we are concerned with is truly a large measure of democracy in the operation of these farm programs it seems to me it must come about fundamentally in the same way we expect it to develop in our general body politic.

I would say that economic security is an essential of political democracy. Furthermore, obviously education must have a great deal to do with a developing democracy, whether we are talking about it generally or in terms of the farm programs.

Furthermore, we must not overlook the fact that many of these difficulties, these apparent injustices in the working out of the agricultural adjustment programs, are not really the responsibility of that program per se.

The program has operated within a given system, a system which includes such institutions as vicious forms of tenancy, exorbitant farm credit practices, deep-seated social cleavages, especially in the cotton South.

The adjustment administration could hardly be expected to go very far in the course of a few years in doing much about difficulties of that kind, difficulties that have been in the making for generations.

FARMERS AS CONSUMERS OF INDUSTRIAL PRODUCTS

Mr. CURTIS. This was not covered in your paper, but would you say that farmers as a class are good customers for our industrial sections when they have the purchasing power?

Mr. SCHMIDT. It certainly seems to me, judging by the evidence in 1933 and 1934. The evidence in the form of sales of mail-order houses and automobile sales and transportation in the rural regions, bank deposits and the like, that is, as soon as they began to receive their benefit payments in the adjustment programs, shows a very rapid rise in business in those country districts.

Mr. CURTIS. It is true, is it not, that over a period of years the factory pay rolls in this country ran parallel with the farm income?

Mr. SCHMIDT. Yes.

Mr. CURTIS. And if there is an increase in the farm income there is shown a corresponding increase in factory payrolls?

Mr. SCHMIDT. Yes, sir.

FUTURE OF FARM CHEMURGY

Mr. CURTIS. Do you have any comment to make upon the farm chemurgy—the industrial use of farm products?

Mr. SCHMIDT. Yes, sir. It is possible to foresee a day when a great many commodities will find uses as raw materials for industry, many more uses than they have at the present time. But we must keep in mind that processes of this kind are generally very slow in their development. There must be not only the technical research necessary to finding new uses, but there must also be realization on the part of industrial enterprises that a shift-over to such raw materials is commercially feasible and desirable. It is a process that must at best take a considerable time and must move quite slowly.

Mr. CURTIS. For instance, there has been great scientific advancement in using various plants and farm products in the making of small articles such as the products of the DuPont Co.?

Mr. SCHMIDT. Yes, sir.

Mr. CURTIS. But it will require, as you say, a use of those to the extent that mass production will be feasible.

Mr. SCHMIDT. Something vastly greater than that exists at the present time. I would perhaps go even farther and say that although such a development would certainly help we cannot expect that it will go very far toward raising the demand for farm products sufficiently to keep all the people we now have on the land—at any rate, keep them on the land and using up-to-date technique.

Mr. CURTIS. It is predicted at the present time that soon we will have automobile bodies, particularly fenders and things of that sort, made out of plastics made of soybeans.

If that comes about, and is extended to vehicle bodies and streetcar bodies and the like, that may materially affect the supply of agricultural products, might it not?

Mr. SCHMIDT. Yes; it may do so. It is very hard to say. Of course, however, it can go toward strengthening demand fundamentally.

COSTS OF PRODUCTION

Mr. CURTIS. Now, in reference to the dispensing of surplus products, whether it be through a surplus-commodity corporation or whether it be through the stamp plan or what-not, the products of labor so dispensed are not required to be contributed at a lower price than the ordinary price for similar labor, are they?

Mr. SCHMIDT. Products of industrial labor?

Mr. CURTIS. Perhaps my question is quite confusing. Assuming that blankets are given away as surplus articles, the labor that goes into the making of those blankets is based on a regular American wage, is it not?

Mr. SCHMIDT. So I understand.

Mr. CURTIS. Now, the food products that are distributed through the stamp plan and under other similar plans are still produced at the regular cost of production; is that not right?

Mr. SCHMIDT. That is very difficult to answer, because cost of production is so varied, you know.

In agriculture we have a tremendous range of costs. There are farmers who could make money, doubtless, at prices even lower than those that have been prevailing in recent years or prices prevailing during the depression. On the other hand, there are farmers in agriculture who could not break even if prices were twice as high as they have been.

It is a little bit difficult to answer your question. In broad generalization I would say that some of those products doubtless are being purchased at prices that do not enable the farmers to live very well.

Mr. CURTIS. Hogs are very low at the present time. A 175-pound bacon hog out in my country will bring only $9. The American farmer is feeding probably a relief load with articles that at the present time returns him less money than he can produce them for.

That is the point I am getting at. Maybe while we are moving some of the surplus, yet we are moving it at a price that returns the farmer his cost and that he is entitled to.

That is all, Mr. Chairman.

Mr. SPARKMAN. I would like to ask one question.

Mr. Schmidt, in your prepared statement you say that industrialism has brought poverty and disguised unemployment to the farmers.

What do you mean by the term "disguised unemployment"?

DISGUISED UNEMPLOYMENT

Mr. SCHMIDT. I use it in rather a loose sense to refer to people living on farms who appear to be occupied or who go through the motions of work, at least now and then, but who really are not producing anything significant. For example, young people backed up on farms who would be migrating to the cities if there were jobs available for them.

They help around the place but really are not contributing anything to the family income—anything consequential.

Another way of putting it is to say that our notions of unemployment, generally, are of an urban nature. We think of people on the street in soup lines and that sort of thing.

This term "virtual unemployment" or rather "disguised unemployment" is merely intended to refer to the people who are jobless in a realistic sense, on our farms; who do manage to have a roof over their heads perhaps, and something to eat, but who are contributing little, if anything, to the national income.

Mr. Sparkman. In the concluding part of your statement you also suggest that subsidies to agriculture may be desirable if we believe there are inherent social values in farm life.

I wonder if you would elaborate a little on that?

VALUE OF SUBSIDIZING FARM LIFE

Mr. Schmidt. Yes, sir. It can be argued after all that farm life has certain inherent values, values not only for the farm people themselves, but for the whole Nation.

It is argued by some that farm life is healthier in a physical sense as well as moral sense; that it is more stable socially; that the relations of people one to the other are more solid in agriculture.

Furthermore, it is argued by some that the difference in birth rates between our rural population and our urban population should make us concerned about maintaining a sizeable farm population.

There are very marked differences in those birth rates. An expert of the Department of Agriculture estimates that 100 years from now the descendants of our present rural population will have somewhere between 5 and 10 times as many descendants as our present urban population.

Now, the point is that at least stability of population, perhaps even a growing population, is of importance to national strength—national virility—and that, therefore, public policy addressed to the maintenance of a large or at any rate a sizeable rural population is very important.

Mr. Parsons. When you say "a sizeable population," do you mean by that we should have as large a farm population as possible, or just what do you mean?

Mr. Schmidt. I think there would be no difficulty in agreeing that we should not have more people in agriculture than can be maintained on adequate living levels. Of course, there may be some difference of opinion as to the meaning of "adequate living."

I would like to note here that there may be some elements of living in the country on farms that are not measurable in material terms, even less so in monetary terms, such as life in the out-of-doors, at least to a larger extent than people in the cities can afford, freedom from noise and dirt and from various ills of the large metropolitan communities.

But, returning more specifically to your question: It can be said, I think, that at the very most we don't want more people to stay on the farms than can live satisfactorily there. That, of course, is ultimately a question for those people themselves to determine, whether they want to stay there or go elsewhere. Certainly it is not for the professor or social worker or economist to say how many should stay there or how many should go to the city.

Mr. PARSONS. Now, just one other question. You may have answered this. If so, I did not catch it.

In your paper you say that early in the present administration sufficient stimulation was not given to the consumption of farm products. Is that still true or has it been changed?

Mr. SCHMIDT. There has been a great stimulation, of course, by the programs of the Department of Agriculture, most particularly in the last few years in the form of the food-stamp plan.

I would say that it is possible to go still further in that direction but probably not very much further.

The limits of that kind of program, after all, are set by the size of the relief population, unless we are prepared to go beyond that and to break into our ordinary commercial system of distributing food products and other agricultural products.

Mr. SPARKMAN. That is all.

The CHAIRMAN. Dr. Schmidt, I do not know very much about farming but as I read about it sometimes it has changed considerably from the early days.

I have read that 85 percent of our people used to live on farms. At that time the idea of corporate commercialized farming was not known. Their object then was the raising of vegetables and sufficient foods to support the family.

Now, we are down to about 25 percent, they tell me, or 30 percent.

My wife is of a family of 12. Her father raised those 12 children on a farm. But from your paper, and from what you have said, the prosperity of agriculture depends upon the rise and fall of our consuming and purchasing power; does it not?

Mr. SCHMIDT. Yes, sir.

The CHAIRMAN. In other words, agriculture does not stand out there alone?

Mr. SCHMIDT. No, sir.

The CHAIRMAN. That is the way it is today anyway. It depends upon the purchasing and the consuming power of the country, and that is what I am getting up to in my question.

I read many times, too, that if our purchasing power—the consuming power in this country—was normal, we could consume 90 percent of the products of our farms and therefore would only have to worry about the 10 percent which we hear so much about in foreign trade; and, unquestionably, Doctor, we have got to give great thought to that.

The way the war is going, and the way affairs are over in the old country, we must give great thought to it.

I remember reading a column written by Arthur Brisbane before he died. He used to repeat it. Maybe you can tell us about it. He said that Texas alone, if extensively cultivated, could feed this Nation. Do you think it could?

Mr. SCHMIDT. I think we might envision such a possibility in the very distant future, although it is true that certain students of that sort of thing insist that even now with present technique—that is with the most advanced farming technique—it would be possible for two or three million farmers to produce as much, at least, as nearly 7,000,000 are producing today.

The Chairman. Dr. Schmidt, you are writing a book now entitled "The Last Seven Years of Agriculture."

Mr. Schmidt. Yes, sir.

The Chairman. Is that why you are on leave from Columbia University?

Mr. Schmidt. No, sir; it is not.

The Chairman. When will that book be published, Doctor?

Mr. Schmidt. Early next year; I think in February.

The Chairman. Is there anything else?

Mr. Parsons. That is all.

Mr. Osmers. Nothing else.

The Chairman. Doctor, I want to thank you on behalf of the committee for your very able presentation and your exceedingly valuable contribution that you have given us today.

Mr. Schmidt. I am very glad to have been of help.

The Chairman. Mr. Ferris.

TESTIMONY OF JOHN P. FERRIS, DIRECTOR, COMMERCE DEPARTMENT OF THE TENNESSEE VALLEY AUTHORITY, KNOXVILLE, TENN.

The Chairman. Mr. Ferris, you are director of commerce department of T. V. A.?

Mr. Ferris. That is right, sir.

The Chairman. And what is your address?

Mr. Ferris. Knoxville, Tenn.

The Chairman. And your headquarters are where?

Mr. Ferris. Knoxville, Tenn.

The Chairman. Mr. Ferris, Congressman Sparkman of Alabama, an expert himself on this subject you are going to discuss, will interrogate you.

Mr. Sparkman. Mr. Ferris, your official title is director of commerce department of T. V. A.; is it not?

Mr. Ferris. That is true.

Mr Sparkman. I wonder if for the benefit of the record you will state briefly your qualifications.

Mr. Ferris. I am a mechanical engineer. Most of my work has been in industry. Until 8 years ago I was chief engineer of the Oil Gear Co. in Milwaukee, Wis.

In 1932 I served as secretary of the business economics committee of the executive council to the Governor of the State of Wisconsin.

Later I served as secretary to the land-use committee of that same executive council.

That land-use executive committee, by the way, had to do with the formulation of land-use plans, particularly in connection with forest-land use.

The business economics committee made studies of the opportunities for local industry in the State of Wisconsin, based on the utilization of the natural resources that occurred there.

For the last year and a half I have been occupied in my present position, and prior to that for 2 years I was director of the agricultural industries department of the Tennessee Valley Authority.

Mr. SPARKMAN. At that time who was director of the commerce department?

Mr. FERRIS. There was no commerce department of the T. V. A. at that time.

Mr. SPARKMAN. In other words that department was formed and you became the director of it?

Mr. FERRIS. That is not quite correct. There was no commerce department at the time that I occupied the first described position. It was formed at the time Mr. J. Hayden Aldridge resigned his position with the Authority and took the appointment as Commissioner on the Interstate Commerce Commission.

Then the two departments were merged into the present department of which I am the director.

Mr. SPARKMAN. Now, you have presented us with a rather lengthy and very full and valuable statement.

I don't suppose any one of us has read it in full. I have scanned it. I have read the digest of it that has been presented. I shall ask the chairman at this time if the statement may go into the record, as a part of Mr. Ferris' testimony.

The CHAIRMAN. The reporter will include it in the record.

(The statement referred to is as follows:)

STATEMENT OF JOHN P. FERRIS, DIRECTOR, COMMERCE DEPARTMENT OF T. V. A., KNOXVILLE, TENNESSEE

RELATIONSHIP OF THE TENNESSEE VALLEY AUTHORITY PROGRAM TO THE INTERSTATE MIGRATION PROBLEM

I. THE MIGRANT PROBLEM AND ITS BACKGROUND

The dominant cause in the interstate migration of destitute citizens today, as in other migrations of the past, is unquestionably the search for greater economic opportunities.

Between present and past migrations, however, there is one important distinction. In an earlier period of our national history, industrial laborers from Europe migrated to this country in search of the opportunity to earn a living. The population of the Original Thirteen Colonies increased. People began moving westward. As the tempo of the industrial revolution quickened, and with added immigration from Europe, this drive for new opportunities and economic security in the lands west of the Alleghenies continued as the primary means by which people could escape from the maladjustments of an industrial society still little understood. For many years these migrations were of no critical significance. Fertile lands in the West were abundant. Furthermore, the movement of people to new lands was in general healthy and necessary to the development of the Nation and to a rising standard of living. By the close of the nineteenth century, however, the land and forest frontier had almost disappeared and most of the lands suitable for cropping and grazing were settled and farmed.

Today, although the western land frontier has for some time practically ceased to exist, the population of the Nation continues to increase at the rate of approximately 1,000,000 persons per year. At the same time, the structure of our industrial economy has not been adjusted to the point where each person can be assured of an opportunity to earn a living. Insecure people have not forgotten the pioneer tradition of migration in search of economic opportunity. They migrate today essentially for the same reason that they did yesterday. The principal difference is that while they once migrated to new and unoccupied lands, they are now forced to move into areas which are already settled and there compete with others who are also trying to make a living. Migration which was once predominantly in a western direction to undeveloped lands has today become general interstate migration in a relatively closed land economy.

The motivating force behind such movements continues to be that of a search for economic opportunity.

The central problem is thus largely one of creating new economic opportunities within the existing area of the Nation and the political and social structure of its economy. Only by providing greater economic security to citizens in all parts of the Nation and a chance to share in the income standard of the American way of life can excessive interstate migrations to prevented or even substantially reduced.

THE TENNESSEE VALLEY AREA AS A REGION OF MIGRANT ORIGIN

The committee no doubt will receive a great deal of evidence concerning the conditions which have led the valley area, as well as the South as a whole, to become a region of migrant origin. These conditions are summed up in the following paragraphs extracted from the Tennessee Valley Authority manuscript Regional Development in the Tennessee Valley:

"A variety of causes have been ascribed for the failure of the South and the valley to adjust properly to its natural heritage and thus to attain higher standards of economic and social well-being. These include the interblended facts of history and region, such as the tragedies of the reconstruction period, the conditions surrounding the cotton economy, the special regional penalties resulting from national tariff policies, the lack of capital and credit within the region to take advantage of technology and to promote balanced development, the long persistence of a raw-material economy, special health and dietary problems, and regional inequalities in rail freight rates.

"Perhaps outstanding among these facts has been the general nature of the regional economy which has prevailed, and still largely remains, in the South and in the valley. This economy is characterized by the shipment of the raw materials of the land, the mine, and the forest out of the region to come back into the region over tariff walls and costly transport channels—less in quantity and higher in price as processed goods. 'The economy of the peasant, the miner, the fisherman, the forester draws a certain minimum return, while manufacturing, distribution, management, and finance furnish higher incomes.' To support an increasing population, the extractive economy must make 'fresh and continuous excursions' into its capital wealth—i. e., its raw resources. Overexploitation of resources follows without the accumulation of capital goods to take their place. Obviously, this is not a stable basis even for the continuance of the relatively low standard of living afforded by an extractive economy at its best. In the valley, several major natural resources reached their peak of exploitation about 1910. However, no provisions had been made for this eventuality. And like a business concern which refuses to recognize the depreciation of its capital assets, the valley was, long before the depression gripped the country in 1929, fighting for existence and opportunity to readjust. The dilemma that eventually confronts a purely raw-material economy is of more than regional consequence. Proper public services such as education cannot be supported on an adequate scale. Migration becomes pronounced, as birth rates remain relatively high. Poor training and lack of education go along with the migrating people, and the region's difficulties become a national problem. Too, in a world of declining foreign markets, the decline of a region further aggravates the market problems of a national economy. Assistance in the region's readjustment is essential to stabilize the elements—commercial, financial, manufactural—of the national economy which the region was originally instrumental in building up."

It is apparent from the above that the economy of the Tennessee Valley was unable to support a rapid increase in population. There is ample evidence in census statistics, however, that the Tennessee Valley has been an area of high fertility rates. The average family of the region in 1930 had 4.6 persons, as compared with a national average of 4.1 persons; there were 531 children under 5 years of age per 1,000 women of childbearing age (15–44) in the region, against only 391 in the Nation.

It is inevitable, therefore, that the seven Tennessee Valley States during past decades have been the source of a large migratory stream of population. In 1930 the area was the birthplace of 4,190,000 persons who lived elsewhere in the United States. As a partial offset, the area was, in the same year, the residence of 950,000 persons who had been born elsewhere. The net loss through migration, therefore, was 3,240,000 persons. In other words, for every person entering the area to establish residence, between 4 and 5 persons had moved away.

This migration should not be identified entirely with the migration of destitute workers with which the committee is now primarily concerned. The removal was largely of employed and productive workers, who were able to see better economic opportunities in the North and East than they were able to see at home. For the most part they constituted a valuable addition to the regions which were their destination, and their departure was a corresponding loss to the Tennessee Valley region of their origin. Their leaving the region in such large numbers, however, suggests that an unfavorable balance had existed between population and the economy of the region. Unless this condition is corrected, the type of migrant which the committee is investigating will become much more significant in the valley region than at present.

The principal population drain from the valley region has been to the industrial centers of the Midwest. During the economic depression of the early 1930's this outward movement was temporarily reversed—less because of increased economic opportunities within the region than because of decreased industrial employment elsewhere. A survey of 2,800 families in the Norris Reservoir area of Tennessee in 1934 showed that 8 percent had one or more members who had returned home after formerly being employed elsewhere. The number who had left and remained away was, of course, much larger but could not be determined from the survey. The majority of the returned workers had been employed in Knoxville and Michigan.

The above-mentioned survey is illustrative of the movement of rural people in the valley region to industrial centers. Another survey suggests a further migration of urban industrial workers from the region. In 1937 the seven valley States experienced net losses of 1 percent of workers covered by the old-age-insurance provisions of the Social Security Act. In Mississippi the net loss was 3 percent. It should be borne in mind that these migrants left nonfarm jobs in the region for nonfarm jobs elsewhere. They are exclusive of agricultural workers or destitute itinerants.

The removal of workers from the region has served to increase the burden on the productive workers who remained. In the Tennessee Valley in 1930 there were 122 dependents (under 20 and 65 or over) for every 100 producers; in the United States there were only 90 dependents for every 100 producers.

The combination of high fertility rates and migration of productive workers has placed an extraordinary burden upon the producers who remain. The relatively high proportion of children under 5 years of age in the valley States has already been cited. Recent figures are available for the Southeast as a whole which illustrate the pronounced regional differences in burden of care of older people over the age of 64. While 57 percent of all available workers of ages 15–64 in the United States are covered by the old-age-insurance provisions of the Social Security Act, only 40 percent are so covered in the Southeast. Of all employed workers in the United States, 72 percent are covered, compared with 49 percent in the Southeast. A greater load for care of the very young and the aged to be borne by people of the region is clearly indicated.

POTENTIALITIES AND UNBALANCED DEVELOPMENT OF THE TENNESSEE VALLEY AREA AND ITS RESOURCES

The inability of the valley area adequately to support its growing population has not been due to a paucity of resources but to a failure to develop its resources in the interests of a balanced economy. Responsibility for this failure should not be laid to the population of the area; the causes have deep historical roots in which national and international factors played an important part. The region, like the South as a whole, was settled in the early history of the Nation precisely because it had many potentialities inherent in its natural environment. Its variety of climate, topographic and soil conditions, and its abundant vegetation create great opportunity for the productive use of its land resources.

The region is one of moderate temperature, as suggested by an annual mean temperature of 59° F. Rainfall is abundant, with an average of about 52 inches per year. In this respect the valley is representative of the South generally, which contains approximately 50 percent of the Nation's area having more than a 40-inch rainfall. The average frost-free growing season of more than 206 days per year is considerably longer than the national average. Wind velocity is moderate. Such incidence of natural forces is important because it creates the opportunity not only for good yields per acre but for the growth of many crops not adapted to less favorable conditions.

In their natural state soils in the valley were generally fertile. They were deep, with friable topsoils, heavy clay subsoils, and the ability to retain moisture. Although these soils, like most of the soils of the humid regions, are deficient in phosphorus, calcium, and nitrogen, they are at least moderately well supplied with most of the remaining major elements necessary for plant growth. The 700 significant soil types and phases found within the valley and the pattern of their distribution provide opportunity for diversity of production, and thus establish the base for economic stability.

The valley's great abundance of natural forest vegetation was a heritage of great value, and it played an important part in the development of the region. Forest cover has served to retard soil erosion and water run-off, has been a source of lumber and many other valuable wood products, and has provided fuel and construction material for the farm, food and shelter for wildlife, and numerous chemical and cellulose byproducts. Further, rehabilitation of forest resources and industries provides the means of increasing local income, thereby creating a more decentralized and better-balanced economy.

In addition to favorable climate, potentially fertile soil and abundant natural vegetation, the valley region has available substantial deposits of phosphate and calcium. These mineral elements provide a prerequisite for the effective development and operation of home farms on a permanent basis.

But while the Tennessee Valley region is highly endowed with natural advantages, it has become characterized by unbalanced development.

Of the 26,000,000 acres of forest which once covered the valley, only about one-half of this acreage remains in timber, and that in a depleted condition. This diminished forest resource is due not only to a reduction of forest area, but also to a serious loss of productivity through exhaustive cutting and repeated burning. About half of the forest area of the valley lies in Tennessee. In this State the peak of lumber production occurred as recently as 1909, when Tennessee led all other States by cutting more than a billion board feet of hardwood lumber, although the total area in forest was no greater than it is today. Two-thirds of the present forest area in the valley is in trees smaller than sawtimber size, and much of the young growth is defective. The remaining sawtimber is being cut at a rate 30 percent greater than the annual growth increment.[1] This fact is significant in that it suggests a drastic readjustment in wood-using industries and resulting social maladjustments, unless adequate changes are made.

An average of 10,000 fires burn annually an area of some 700,000 acres of the valley's forest.[2] This represents about 5 percent of the total forest cover and is equivalent to total burning every 20 years. Exclusive of the southern States, approximately 90 percent of the Nation's forests receive fire protection, as compared with 49 percent of the forest land in the valley States.[3] Less than 20 percent of the valley's forests now receive adequate protection from fire.

Row-crop farming and the failure or inability to employ proper soil-conservation and land-use methods have in large part been the cause of land depletion. For years farmers in the South have planted their lands in cultivated cash crops. It was in large part the cotton of the South which gave America her international balance of trade with which to build the sinews of an industrial system. But the soil was soon to pay dearly for this contribution. Surveys conducted by the Authority indicate that the rate of soil and water loss in the valley is rapid under the present conditions of land use and depleted vegetal cover.[4] Nearly 7,000,000 acres of the 12,000,000 acres of cleared land in the valley require special treatment. According to the best available data, at least 1,000,000 acres are so seriously eroded as to have become idle and nonproductive; another 1,500,000 are seriously depleted by gullying and sheet erosion; the remaining 4,500,000 acres are less seriously eroded but require different use and management. The fact that about one-half of the water which falls on the valley's watershed flows out of the river's mouth suggests not only the hazard of floods but also the inefficient use of water which might otherwise be utilized productively in the growth of plants and animals.

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[1] Forestry Facts About the Tennessee Valley, p. 33.
[2] Forestry Facts About the Tennessee Valley, p. 14.
[3] Forest Fire Statistics for the United States, 1938, prepared by the U. S. Forest Service.
[4] Forestry Facts About the Tennessee Valley, November 1938.

Continued planting of cotton and corn in an area of high rainfall and mild winters not only exposed the land to soil losses through erosion, but also to the loss of essential plant nutrients in the soil. In an effort to compensate for this drain on soil fertility, it became the custom for farmers to apply large quantities of commercial fertilizers. These fertilizers, usually ordinary superphosphates and mixed fertilizers, are, because of their low concentration, so costly that farmers under existing income conditions are unable to purchase adequate quantities to maintain properly the fertility of their soil.

In 1939 the average mixed fertilizer in the United States contained about 3.76 percent nitrogen, 9.08 percent P_2O_5, and 5.78 percent K_2O, a total of 18.62 percent of plant nutrients.[5] The average superphosphate used in the same year contained about 19 percent P_2O_5. Fertilizers of such low analysis are excessively expensive. Distribution costs, which include costs for sales and office overhead, handling charges, bagging, manufacturer's profit, freight, taxes, and dealer's profit, comprise more than 50 percent of the cost of plant nutrients to the land. The following table shows the ineconomy of 19-percent superphosphate as compared with concentrated phosphatic fertilizers:

	19 percent, 5½ tons	48 percent, 2.08 tons	60 percent, 1⅔ tons
Cost	$44.00	$57.50	$57.50
Sales ($2 per ton)	10.50	4.16	3.32
Handling ($1 per ton)	5.25	2.08	1.66
Bagging ($2 per ton)	10.50	4.16	3.32
Manufacturer's profit (6 percent above items)	4.22	4.07	3.95
Freight ($3 per ton)	15.75	6.24	5.00
Tax (25 cents per ton)	1.32	.52	.41
Dealer's profit (8 percent delivery price)	7.96	6.85	6.54
	99.50	85.58	81.70

Thus, while one ton of P_2O_5 obtained from a fertilizer of 19-percent concentration is estimated to cost $99.50 at the point of delivery, from 48-percent material it would cost $85.58, and from 60-percent material it would cost only $81.70. On the basis of these price differences, a farmer with $100 to invest in phosphate would get 2,000 pounds of P_2O_5 in 19-percent superphosphate; 2,355 pounds of P_2O_5 (or 18 percent more) in the 48-percent grade; and 2,447 pounds of P_2O_5 (or 22 percent more) in the 60-percent type. The savings to the farmer which are inherent in the use of highly concentrated fertilizers are especially important when incomes are low and needs for fertilizer are great. In recent years farmers have been unable to pay the penalty of using low-grade materials in the quantities required.

The farmers of the South have had to be content not only with high prices for one of their principal needs, fertilizer, but also with a general condition of relatively high prices for manufactured products and at the same time an unstable market for the sale of farm products. Such factors as freight-rate differentials and undeveloped water transportation have served to relegate the South to the position of a raw materials-producing area and an importer of higher-valued processed goods. The effect upon the soil of low receipts and high costs has been to stimulate the farmer to plant more cash crops—on his less productive land—in an effort to satisfy the minimum requirements of his family.

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[5] A Survey of Plant Food Consumption in the United States in the Year Ended June 30, 1939, published by the National Fertilizer Association, p. 15.

Population pressure is extremely high in the valley when measured on the basis of either per capita farm area or per capita rural area. In the Nation as a whole, there are 40 acres of land per capita if farm population of the great western-range pasture is included, or 28 acres per capita if it is excluded; the valley has but 10.8 acres per capita of farm population.[6] In the national economy, there are 22.4 acres of land per capita of rural population if the western-range pasture is included, or 16.3 acres if it is not; the valley has only 7.5 acres per capita of rural population.[7]

In 1930 the valley region had a substantially larger proportion of persons under 20 years of age (47.4 percent) than the United States (38.8 percent). In the Cumberland plateau counties of the region, more than one-half of the population (51.4 percent) was under 20 years of age. For every 100 persons of productive age (20–64 years) there are 122 dependents (persons below 20 years and 65 years or above) in the valley counties, as compared with 90 for the United States. The average number of persons per family was 4.1 in the United States and 4.6 in the valley—an equivalent of one-half person more per family in the valley region.[8]

In 1930 the percentage of total population designated as rural population was 76.8 in the valley as against 43.8 in the Nation as a whole.[9] Population in the valley is increasing at a rapid rate. In 1930 there were 531 children under 5 years of age for every 1,000 women of childbearing age in the valley, as compared with 391 for the United States and with the 368 estimated as necessary to maintain a stationary population; and in one portion of the valley, the Cumberland plateau section, the number was 655 per 1,000, almost double the national average.[10]

All of the factors cited above have had a cumulative cause and effect relationship to regional living standards. That living conditions in the valley region as a whole are poor, compared to those of the Nation, is evidenced by the situation which exists with respect to housing facilities, health conditions, educational standards, and income. These are examined briefly below.

Poor housing conditions are found in the Tennessee Valley, even in what are customarily considered the more active and progressive centers. In Knoxville, according to a real property inventory in 1939, a total of 2,428 or 9 percent of all dwellings were classed as "unfit for use," yet 88 percent of this class of unit was occupied. In the Tri-Cities of northern Alabama (the cities of Sheffield, Florence, and Tuscumbia), according to a recent detailed field survey by the Tennessee Valley Authority, nearly 28 percent of all family dwelling units occupied by Negroes were classed as "poor." The average for all occupied dwellings was more than 10 percent.

The rural housing situation in the valley area is illustrated by Tennessee Valley Authority surveys of reservoir families. In the reservoir areas, which are reasonably representative of rural conditions in the valley as a whole, box houses of two and three and four rooms were the rule, without running water or sanitation facilities. A broader survey, conducted by the United States Department of Agriculture in 1938, rated the condition of farm homes in Alabama at 29, in Mississippi at 22, and Georgia at 31, as compared with a national average rating of farm homes at 44. Alabama and Mississippi farm homes averaged 4.1 rooms, and Georgia farm homes averaged 4.4 rooms; the national average was 5.4 rooms. This differential is particularly significant in view of the larger families in the South.

A further index of conditions is the fact that the average value of all dwellings in the United States is approximately $3,788, whereas the value of dwellings in the valley region is only $1,161.[11] The value of farm dwellings per farm throughout the Nation is about $1,126, as compared with $563 for the valley.[12] In the country at large, 15.8 percent of farms are equipped with piped water as against 3.7 percent for the valley counties.[13]

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[6] United States census, 1930.

[7] Ibid.

[8] Alexander and Cedra, The Population of the Tennessee Valley (1937).

[9] Ibid.

[10] Ibid.

[11] 1930 Population Census.

[12] 1930 Census of Agriculture.

[13] Ibid.

Standards of health in the valley region are low when measured on the basis of certain important indices. The valley's mortality rates per 100,000 population are 7.6 from typhoid (and paratyphoid) fever and 79.4 from tuberculosis, as compared with national averages of 3.9 and 63.2, respectively.[14] For each 100,000 population the valley has approximately 86 physicians and 25 dentists, as compared with 131 physicians and 54 dentists for the United States as a whole.[15] At the same time the number of general hospital beds per 100,000 population is 120 for the valley as against 310 for the Nation as a whole.[16]

Conditions of nutrition in the Tennessee Valley region are suggested by the average per capita consumption of essential food and feed products which are consumed either directly by its human population or indirectly through farm livestock. On the basis of the national average per capita consumption of these products,[17] valley consumption during 1934 was deficient to the extent of 27 percent in white potatoes, 30 percent in hay, 45 percent in livestock, 77 percent in wheat, and 92 percent in oats, barley, and rye. Although conclusive scientific studies have not been made to date, experts agree that the diet of the valley is deficient not only in these essentials but in the consumption of fresh fruits and vegetables as well. The valley consumes 25 percent more corn and 244 percent more sweetpotatoes per capita of population than the Nation. This element of monotony is perhaps explained as evidence of an intense pressure to produce crops having the highest caloric content per acre.

Educational services in the valley are deficient when appraised in terms of the criteria of per capita expenditures for child education, libraries, and research and extension in the land-grant colleges. In 1933–34 average expenditures per child between the ages of 7 and 17 were $68.02 in the United States as a whole, and only $23.35 in the valley counties.[18] School expenditures per capita of total population ranged from $6.53 to $8.71 in the valley States compared with $15.33 for the United States. School current expenditures per capita of pupils enrolled ranged from $21.61 to $35.38 in the valley States, as compared with $67.88 for the United States. On the other hand, schools in 1930 took 40.5 cents of the State and local tax dollar in the seven valley States, while taking 38.5 cents of the State and local tax dollar in the United States.

In 1934 the United States as a whole expended an average of 31 cents per capita for library service, as compared with an expenditure of 17 cents, or about 55 percent of this amount, by the valley States.[19] Expenditures per capita of farm population by land-grant colleges in the valley States are low when compared with the expenditures of similar institutions throughout the Nation.[20] In 1938, while $3.11 and $4.96 were average expenditures per farm for research and extension, respectively, only $1.28 and $3.60 were expended for these purposes in the seven valley States. Thus, while the Nation as a whole invested an average of $8.08 in research and demonstration, the valley States invested only $4.88. Deficient expenditure for research and extension within the valley is significant because it tends to limit both the quality and quantity of scientific information available to farmers as a basis for improved land and forest management techniques.

These conditions are critical. They are of a character and degree suggesting the lack of economic opportunity through which their correction might be achieved. This is reflected clearly in existing standards of real and money income.

The per capita income in the valley region in 1938 was $237, or 46 percent of the national average of $515.[21] In 1935 the valley States, although containing approximately 30 percent of the farm population of the United States, received less than 14 percent of the total cash farm income.[22] In 1929 the gross value of farm products per capita of farm population in the region was $164 in contrast to $362 for the United States, or only 48 percent of the national average.

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[14] Vital Statistics Report of State Health Departments (average figures for 1931–35).

[15] Directory of American Medical Association (1934 figures), and Polk's Dental Register (1928 figures).

[16] Directory of American Medical Association.

[17] United States Census data. Computation reflects production less exports divided by population.

[18] Studies made by Department of Regional Studies.

[19] Geography of Reading, p. 72.

[20] United States Census.

[21] Computed from figures in Sales Management, April 1939.

[22] United States Census and U. S. Department of Agriculture statistics.

These figures relating to farm income are paralleled by those relating to income from manufacturing. In 1937 the valley counties contained some 1.6 percent of the Nation's wage earners, but received only 1.1 percent of wages paid—i. e., 68 percent as much per wage earner as the national average.[23] Even in those aspects of manufacturing and processing most closely related to agriculture, the region appears to be at a strong disadvantage. While specific data for the watershed are unavailable, it appears that the valley States during 1929, having 20 percent of the Nation's total population and 11 percent of its purchasing power, packed only 2 percent of its meat and processed only 8 percent of its other food products.[24]

Economic opportunities have been frozen. The people of the valley have not had the income whereby they might maintain or improve their standard of living and security. Accordingly, many of them, and especially the productive workers, have migrated to the industrial centers of the North. The problem of migration from the valley area thus arises in large part from the historical lack of development of the region's resources in the interests of a balanced economy and of lack of provision for adequate and expanding economic opportunities for its citizens.

II. The Tennessee Valley Authority Program as a Mechanism for the Widening of Economic Opportunity

The conservation and development programs in the Tennessee Valley have a dual relationship to population and economic opportunity. Incident to any program of conservation there are population shifts as lands are taken out of their traditional use, the income-producing capacity of these lands being temporarily reduced or emerging through new channels. In the Tennessee Valley the conservation program has displaced or will displace more persons from reservoir, forest, and agricultural lands than the conservation program, taken alone, will employ.

In the Tennessee Valley, however, there is development as well as conservation. Conservation itself is long-range development. There is a more immediate development of new resources, new utilization of old resources, new industres, and new occupations. These also are causing population shifts within the region. Moreover, they act as a brake on such migrations from the region as have been caused in the past by the enforced severance of families from worn-out lands with no alternate sources of livelihood locally available.

The Tennessee Valley Authority program is regional in scope, predicated on the conviction that the valley possesses wealth in resources adequate to relieve population pressure which unwise use of these resources has created in certain sections of the area. The Authority believes that standards of living can be improved through conservation of some resources and development of others. When this is done, removals from the region will no longer be an evidence of the destitute circumstances of its inhabitants. The region will be able to support its people.

However, the Authority's program, and that of the many cooperating agencies, is not designed to freeze people to their present environment. Migration to new economic frontiers is an essential part of democracy. A change in scene may open up new and better employment opportunities for the worker. It may permit a better land use by relieving population pressure in the area of his origin. It may permit a great development of economic potentialities in the area of his destination. As the regional program of the Authority progresses it is to be hoped that internal population shifts of this type will voluntarily occur. It is to be hoped that there will continue also a free flow of workers into, and out of, the region.

The desired set of conditions is that which will freely permit and encourage migrations that are to the economic benefit alike of migrants and the regions of their origin and destination, and which will, on the other hand, make unnecessary migrations from a region offering inadequate economic opportunities to other regions where such opportunities are also inadequate. The obvious first step in bringing about such a set of conditions is the fullest possible development of resources in regions of migrant origin in the interest of providing fuller and wider opportunities, and a rising standard of living, for their people. This, within the geographical area of its activities, and likewise within the framework of democratic principles and processes, is the primary objective of the Tennessee Valley Authority.

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[23] Biennial Census of Manufacturers, 1937; and computations from census data made by the commerce department in Tennessee Valley Authority.

[24] Computed from data contained in Census of Manufacturing and Census of Agriculture.

The major elements in the Authority's program may be summarized in terms of:

1. Activities directed to rebuilding the soil and stimulating agriculture.
2. Activities directed to encouragement of forestry development.
3. Activities designed to aid enterprise by providing new industrial processes and facts concerning resources of the region and their possible uses.
4. Activities in establishing mass-consumption pricing policies in the sale of electricity.
5. Activities relating to water control in the interests of flood control, navigation, and recreation.

In addition, apart from these activities directed to the economy of the region and its people as a whole, the Authority's program has affected directly certain particular groups, as, for example, persons owning land acquired by Tennessee Valley Authority for its improvements, and persons whom Tennessee Valley Authority employs.

1. Activities Directed to Rebuilding the Soil and Stimulating Agriculture

The principal problems facing southern agriculture—dependence on cash crops, use of low-grade fertilizers, erosion, and the gradual impoverishment of both the soil and those who farm it—have already been described. The Tennessee Valley Authority is, of course, only one of a number of agencies engaged in seeking a solution to these problems. The Authority, however, has had a unique contribution to make in this field, because to it has been entrusted custody of the national laboratories at Muscle Shoals, which were constructed during the first World War for the manufacture of nitrates for explosives. These plants have been adopted by the Authority for use as a national laboratory in developing new and improved forms of fertilizers.

NEW PLANT-FOOD MATERIALS

Several considerations suggested use of the facilities of Nitrate Plant No. 2 for the production of concentrated phosphatic fertilizers by the electric-furnace method. The production of concentrated phosphates offered the best chance of arriving at "new types" of fertilizers, of improving and cheapening fertilizers, of establishing new fertilizer practices, and of preventing losses of soil and water, in accordance with the specific provisions of section 5 of the Tennessee Valley Authority Act. Natural rock phosphate was available in Tennessee, and the electric-furnace method offered the possibility of utilizing ores of lower grade than had been used previously. The equipment and facilities available at Nitrate Plant No. 2 could be utilized to a considerable extent. Furthermore, the production of elemental phosphorus at Nitrate Plant No. 2 would add another national-defense value to the plant.

The first technical development undertaken centered around the production of phosphoric acid by the electric-furnace method and the use of this acid in the production of concentrated superphosphate. This material is sometimes called "triple superphosphate" because it contains approximately 45 percent P_2O_5 (phosphoric acid), nearly three times the amount present in ordinary commercial superphosphate. The second important product developed was calcium metaphosphate, containing more than 60 percent P_2O_5. A third important development now in progress is that of fused-rock phosphate. Each of these developments, while not discussed at length in this statement, represents a definite step toward accomplishment of the objectives set forth in the Tennessee Valley Authority Act. Detailed processes and costs are described in various technical journals.

TEST DEMONSTRATION OF NEW FERTILIZERS

It is not sufficient merely to develop processes and produce new fertilizer materials. New products must be tested and the results of such tests demonstrated through a sequence of stages sufficient to give reasonable assurance of their value, effect, and best methods of use in a system of farm management which will provide greater real and money income to the farm family.

The difficulties inherent in this program are well recognized both by technical experts and by practical farmers. Particular fertilizer materials are effective biochemically or are practical economically only on certain types of soils and when used in certain farm-management systems. There are approximately 700 different soil types and phases and some 15 significantly different types of farming in the Tennessee Valley region. Needless to say, the possible combinations of these variables are numerous.

Preliminary scientific investigations with various new fertilizer products are conducted on a small scale under relatively controlled and artificial conditions in order to guide the further testing of such products under large scale, practical conditions. These tests are conducted in cooperation with the several agricultural experiment stations. They are conducted through a sequence of stages consisting of: (1) tests involving no life, of chemical and physical properties, (2) tests involving plant life, including the fungus, Neubauer, greenhouse pot, and experimental plot tests, and (3) tests involving animal life, including tests with laboratory animals and large animals and human nutrition tests. While the Valley States experiment stations have been most active in these investigations, materials are being supplied to any experiment station which desires to conduct such studies. Already experiment stations in 46 States and in Hawaii and Puerto Rico have conducted more than 25,000 scientific tests in their laboratories, greenhouses, and fields.

But preliminary tests under the controlled conditions of the laboratory and the experimental pot and plot are inadequate as a basis of conclusion for application to the practical farm. The total farm, the only place where soils, plants and animals, and the human family, are integrated into a complete psychobiological unit, is the smallest unit which can form the basis of sound deduction as to results from the use of new forms of fertilizer. This conception forms a working hypothesis upon which the Authority's program of test-demonstration is built.

Another important hypothesis is that, while the entire farm is the smallest basis for deduction, the entire community is the smallest unit of interpretation. Use of the entire community as a basis of interpretation makes possible the measurement of the effect of economic factors.

A practical test-demonstration must embrace an entire farm handled as a single operating unit subject to the impact of such variables as climate, management, and economic factors. It must be planned so as to relate each of its enterprises (such as crop production, cattle raising, sheep raising, dairying, poultry raising, pork production) properly one to the other and to the whole farm in order to contribute the greatest good to the people whose livelihood it provides. In a democratic society, the primary purpose of such demonstrations can most effectively be to enable farmers to obtain information by their own efforts concerning phosphatic materials applied in a practical system of farming, and to furnish to the operators of other farms in the same community reliable information and visual guides to action which might be helpful to them in planning readjustments in their land-use and farming systems.

It is in connection with the program of farm-unit demonstrations that there is demonstrated most effectively the method adopted by the Authority for assisting established governmental agencies, landowners, farm organizations, and farmers, to perform themselves the major part of the activities essential for achieving the objective of wise use of land and its allied water resources. The essential steps in the method are as follows:

(1) State committees made up of representatives of the technical departments in the State land-grant college select counties in which test demonstrations can be effectively conducted. The number and distribution of the counties is intended to represent the principal soil types in the State, different types of farming, and different sizes of farms.

(2) County agents, who serve as liaison officers between the agricultural experiment stations and agricultural extension services, and farmers, call meetings of local farm people for the purpose of explaining the opportunity for participating in the program of test-demonstration cooperatively established by the Authority and the land-grant colleges. Most frequently, local farm people organize into local soil-conservation or land-use associations.

(3) Community farm groups analyze the important problems affecting their local situation. If they decide to participate in the program of test-demonstration, they develop a program of land-use adjustment designed to improve their particular systems of soil use, fertilization, and cropping. Through the agency of committees of their own members, the local groups select individual farms in their communities, typical as to practices, which might serve as places for testing adjustment programs.

(4) Farmers whose farms are selected for use as test-demonstration farms agree in written memoranda to observe certain specified conditions in the conduct of the tests. In return for specified quantities of experimental fertilizer supplied at cost of freight, they agree to: make their farms available; make necessary readjustments decided upon in agreement with neighbors and the extension service; provide necessary supplementary materials, such as lime; provide labor necessary for carrying out the test; open their farms to visits and study by neighbors, as well as representatives of the land-grant college and the Authority; and keep records of operations, including standard books of account. Test-demonstration farmers agree with their community committees and State college to carry out the program for a period of at least 5 years. With certain exceptions they bear any increased cost due to necessary changes in farm fencing and the purchase of additional equipment and materials needed. They assume the financial risk involved in shifts in crops, livestock, and fertilizer practices. Such risks they assume as a community service.

(5) The community groups hold meetings on the farms from time to time to note results and discuss their application. In some counties farmers are forming committees to inspect unit-demonstration farms for the specific purpose of passing upon the requests of individual farmers for extended agreements as demonstrators.

RESULTS OF THE PROGRAM

Up to the present time the Authority has been concerned primarily with laying a basis for sound interpretation. Some impression of the effect of the test-demonstration program may be obtained by reviewing the records of operations over a period of 5 years of 100 test-demonstration farms in the Norris, Tenn., area. The 100 farms studied are representative of the common kinds of farms with respect to size, soil composition, land use and type of farming in the area. An average of seven tons of Tennessee Valley Authority phosphate per farm was applied to the farms.

In analyses of the 100 farms, it has been assumed that the most significant changes which take place on unit test-demonstration farms may be evaluated in terms of what might be designated as a "ladder of progress," made up of the four steps set forth below:

IMPROVED BIOLOGICAL ADJUSTMENTS

Stage 1. More vigorous growth of legumes and grasses treated with phosphatic fertilizers and such plant-food supplements as lime, as measured by: (*a*) increased yield of hay per acre, (*b*) increased total production of hay, and (*c*) increased number of units of cattle, sheep, and horses.

Stage 2. Increased vigor of livestock consuming the treated legumes and grasses, as measured by: (*a*) increased number of calves born in proportion to the number of cows kept, (*b*) increased quantity of milk produced per cow, and (*c*) increased receipts from cattle, sheep, and horses.

Stage 3. Increased yields and quality of crops following the treated legumes and grasses in the crop rotaion, as measured by: (*a*) increased yield of corn per acre, and (*b*) increased yield of wheat per acre.

IMPROVED FARM MANAGEMENT

Stage 4. Changes in land use, especially shifting row crops to pasture and hay, as measured by: (*a*) increased total acreage of hay, pasture, small grains, winter legumes, and legumes and grasses turned under or left on the land, (*b*) increased acreage of red clover and alfalfa, and (*c*) increased acreage of barley and oats.

Stage 5. Adjustments in kinds and numbers of livestock and livestock production practices, as measured by: (*a*) substantial increase in number of cows, cattle, or sheep kept, (*b*) substantial increase in number of cattle sold or changes in ages at which sold, (*c*) substantial decrease in number of hogs kept, (*d*) establishment or great increase in size of a dairy enterprise, (*e*) shift from natural to artificial brooding of chicks, and (*f*) decrease in the number of market hogs sold.

IMPROVED FAMILY WELFARE

Stage 6. Increased security and well-being of the family or families living on the farm, as measured by: (*a*) increased farm income, and (*b*) increased total value of foods grown on the farm and consumed by the farm family.

IMPROVED COMMUNITY WELFARE

Stage 7. Increased security and well-being of the people of the neighborhood, community, county, area, State, region, and Nation, as measured by such factors as: (*a*) increased employment on the farm, and (*b*) increased industrial employment.

Applying the "ladder of progress" and the criteria of measurement indicated in its various stages to the 100 test-demonstration farms in the Norris subregion, it is indicated from carefully analyzed records that by December 31, 1939:

Eighty-three farms had reached stage 1.
Seventy-one had reached stages 1 and 2.
Fifty-two farms had reached stages 1, 2, and 3.
Thirty-seven farms had reached stages 1, 2, 3, and 4.
Thirty-three farms had reached stages 1, 2, 3, 4, and 5.
Twenty farms had reached stages 1, 2, 3, 4, 5, and 6.
Nine farms had reached stages 1, 2, 3, 4, 5, 6, and 7.

The full significance of this remarkable record of progress is revealed in certain specific facts. On the 71 farms which showed greater vigor in livestock, there was an increase of 9 in the number of calves born per 100 cows. Of the 37 farms which showed improvement in land-use, acreage in corn was reduced by 20 percent, acreage of legumes and grasses for hay and pasture was increased by 15 percent, acreage in winter cover crops was increased by 26 percent, the number of cows kept was increased by 18 percent, the number of calves raised was increased by 49 percent, the number of cattle and calves bought was increased by 25 percent, and the quantities of dairy products sold were increased by 15 percent.

Of the 20 farms which attained improved family welfare, cash farm income increased from $389 to $705 per farm, or by more than 93 percent. This increase was made in spite of lower prices in 1939 than in 1935 for 4 of the 5 major farm products sold, i. e., tobacco, poultry and eggs, dairy products, and hogs, and higher prices for only 1 major product, i. e., beef cattle. That increased family welfare tends to strengthen community welfare is suggested by the fact that a large part of the increased spendable cash income on these farms was used for improvements in farm homes, barns, and fences, and for the purchase of machinery. There is evidence that the improved family welfare of the Norris farms has increased industrial employment and also the demand for labor on the farm.

The University of Tennessee recently conducted a study of changes in the status of farm labor on 1,126 test-demonstration farms in the Tennessee River watershed of the State of Tennessee.[25] These farms represent a wide variety of farming conditions. On a comparison of figures for 1935 and 1938, the number of man-days of productive labor per farm increased by 1.2 percent for the State as a whole. During this same period, the number of man-days of productive labor per farm on the 1,126 test-demonstration farms increased by 3.7 percent, approximately 3 times the increase for the State. Despite a decline of 11.5 percent in the price of all farm commodities, the 1,126 test-demonstration farms increased their expenditure for hired and cropper labor by 17 percent. Gross farm income increased by 11.1 percent, an increase greater by 30.9 percent than the increase for the State as a whole.

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[25] Report to the Tennessee Valley Authority by the Tennessee Extension Service.

Cotton farms have long been characterized by unstable and low-priced farm labor. The effect of the test-demonstration program on this type of farm may be appraised roughly by comparing the 1,126 farms, which represent diverse types of farming conditions, with a group of 121 of these farms on which cotton constitutes the principal cash crop. While the 1,126 farms showed an average increase of 3.7 percent in productive man-work units, the 121 cotton farms showed an increase of 5.1 percent. Despite a decline of almost 30 percent in the price of cotton, the 121 farms increased their expenditures for hired and cropper labor by 1 percent. Gross farm income increased by 27.4 percent.

The scope of the program of test-demonstration is suggested by the fact that at the close of the fiscal year 1940 there were 8,244 unit test farms in the Tennessee Valley, covering 1,401,397 acres, and 14,866 area test farms covering 1,828,296 acres. As of the same date, there were 7,573 unit test farms with an acreage of 1,660,325 outside of the valley. Furthermore, to date, the Authority has supplied the Agricultural Adjustment Administration with more than 200,000 tons of concentrated phosphate fertilizer for use in its educational program of soil conservation.

Partly as a direct result of the research and test-demonstration program, more than twice as much plant nutrient is now being returned to the land at the same cost as would be possible under the usual fertilizer procedure. Not only is the amount per unit cost of plant food returned to the soil increasing, but the total amount is also rising. The Alabama Extension Service recently surveyed 20 counties in central and southern Alabama, 10 of which contained farms conducting test demonstrations with Tennessee Valley Authority triple superphosphate on pastures and 10 of which did not. During the years 1937 and 1938, the counties in which demonstrations with Tennessee Valley Authority phosphates were conducted used 11,034 tons of phosphate on pastures, while the other counties used only 857 tons. It is interesting to note that of the 11,034 tons used in the demonstration counties, only 1,094 tons were supplied by the Authority through the Extension Service and 869 tons through the Agricultural Adjustment Administration. The remaining 9,071 tons were supplied by the fertilizer industry.[26]

Thus, the test-demonstration program points the way toward identifying a method which may be useful in formulating national policy aimed at increasing economic opportunity on the farm and thereby decreasing the migration of farm labor. The program tends to develop and verify a technique by which individual farmers can contribute toward increasing the volume of productive work requirements on the farm, increasing the demand for hired and cropper labor, and increasing the remuneration of farm labor. Through the completely democratic process of voluntary testing by individual farmers under arrangements making the results available to the community at large, farmers are encouraged to obtain and private industry to supply improved fertilizer products for use in conjunction with scientific land utilization programs. In this way is promoted a balanced agricultural economy which in time can form the basis of expanding opportunities for the region.

2. Activities Directed to Encouragement of Forestry Development

The Authority is providing assistance to landowners and others through its program of testing and demonstrating improved methods of checking excessive water run-off, soil erosion, and forest and wildlife depletion. This program is concerned with increasing the production capacity and the protective value of the soil and water resources associated with the valley's 13,500,000 acres of forest land. It assumes the desirability of providing a protective watershed cover which is also highly productive and therefore useful in increasing employment and income standards of the people of the region and in reducing interstate migration of population. Accomplishments of the program may be described in terms of: (1) reforestation for erosion and run-off control, (2) forest fire control, (3) forest development, and (4) wildlife readjustment.

(1) The approach to the problem of reforestation for erosion and run-off control is largely one of cooperation between individual landowners, on the one

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[26] Report to the Tennessee Valley Authority by the Alabama Extension Service.

hand, and the State Extension Services and the Authority, on the other. The State Extension Services coordinate the forestry and engineering work of erosion control with farm development in such a manner as to meet the needs and gain the active participation of the individual farmer. Under the "direct cooperation" method, the landowner plants trees furnished by Tennessee Valley Authority nurseries, furnishes needed materials, and does other work under such technical guidance as may be necessary from Tennessee Valley Authority foresters and engineers and from the Extension Service personnel. Where erosion control or demonstrations for erosion control are needed in the public interest, and where the severity of erosion makes too great a labor problem for the landowner alone, the Civilian Conservation Corps provides the necessary labor force from 18 Tennessee Valley Authority-Civilian Conservation Corps camps which are provided and administered by the United States Forest Service. In such instances also the landowner contributes his own labor, use of his teams and equipment, and local materials for fencing, site preparation, and gully control.

Through these procedures significant accomplishments have been achieved during the last 7 years. Approximately 110,000,000 trees have been planted on privately owned and Tennessee Valley Authority lands; 62,433,000 of these have been planted with Civilian Conservation Corps help on 41,000 eroding acres on 5,700 valley farms; 11,192,000 of these have been planted on 9,900 acres in the valley by farmers themselves in 3,400 "direct cooperation" projects.

In order to be assured of a supply of trees for this work, the Authority operates two large forest nurseries at Norris and at Muscle Shoals, which together produce approximately 25,000,000 seedlings annually.

To date some 8,000 supplemental engineering projects have been completed for gully control and about 540 water-disposal projects have been constructed for terrace outlet control. In this, as in much of its reforestation work, the Authority and cooperating State extension services furnish supervision, the Civilian Conservation Corps provides labor, and private landowners supply their own labor, use of teams and equipment, and local materials such as fencing. The work is coordinated closely with agricultural development on demonstration farms.

(2) The Authority's approach to the problem of forest-fire control has been to cooperate through established Government agencies in promoting public education for the prevention and control of fires. Since 1934, some 4,000 educational motion-picture programs have been presented to more than 600,000 persons in hundreds of communities located in 87 counties in Virginia, Tennessee, North Carolina, Georgia, Mississippi, and Alabama.

Tennessee Valley Authority-Civilian Conservation Corps camps have helped to extinguish more than 1,300 forest fires in the past 7 years, and have given assistance in the construction of 6 fire towers, several telephone lines, fire breaks, truck trails, and similar improvements. With Civilian Conservation Corps help, the Authority has provided assistance to cooperating States in developing fire detection and communication systems and in strengthening their organization for fire control.

(3) The Authority is laying the foundation for greater income to the people of the valley through its cooperative activities and investigations directed at forest development. Comprehensive surveys indicate that restoration of forest resources of the valley and rehabilitation of its decadent forest industries are capable of increasing by 200 to 300 percent the amount of local employment, business, and income now obtained from them. The possibilities are summarized in the following paragraphs extracted from a booklet entitled "Forest and Human Welfare," published by the Tennessee Valley Authority with the cooperation of land-grant colleges and universities, Departments of Conservation and Forestry Divisions of Alabama, Georgia, Kentucky, Mississippi, North Carolina, Tennessee, and Virginia, the United States Forest Service, the United States Biological Survey, the United States Bureau of Fisheries, and other agencies:

"What are some reasonable possibilities of a sound forestry program in the Tennessee Valley? * * *

"The estimates * * * show that under moderately good protection and management the valley's saw-timber resource can be built up to 70,000,000,000 board feet. It is now only 22,000,000,000. Likewise, it appears that the corresponding reserve of smaller trees (cordwood) could be 112,000,000 instead of 91,000,000 cords.

"The larger reserves would then be expected to yield indefinitely an annual crop, based on current prices, of $130,000,000 worth of products for industrial and farm use. Present annual production is valued at only about $53,000,000. Yet, this lower output is removing saw-timber-sized trees faster than they are growing back.

"Care of the improved forest, harvesting, and processing products would invite the equivalent of some 100,000 full-time jobs. Employment is now less than 70,000.

"These are not mere possibilities. They are certain to come about in a few decades if we but give forests good protection and management. With such attention, average woodland of the valley builds up a substantial growing stock and begins to yield well of valuable saw timber in 20 to 30 years. Meanwhile, management calls for cuttings of fuel wood, fence posts, and pulpwood, which produce income as they improve the forest."

In addition to increased employment and business which can be secured directly as a result of increased forest yields, rehabilitation of the valley's forest and related wildlife resource provides attractive opportunities for increasing local income through the development of recreation facilities. Furthermore, forest industries rank high among potential users of water transportation and electric power.

To assist in achieving these ends, the Authority has conducted important forest economic investigations in cooperation with the United States Forest Service and other Government and quasi-public agencies on matters relating to: The extent, condition, and location of forest resources; marketing and utilization of forest products; long-range planning for determining the effects of various types of ownership of forest lands on land-use economy; possibilities of cooperative forest management and protection; and readjustment and development of wood-using industries. Silvicultural and forest-management studies are being conducted to provide information on (*a*) the efficiency of various land-use measures and vegetal covers for water and erosion control, and (*b*) improved methods of forest management.

Forest-tree crop investigations are being conducted in order to discover, develop, and test superior strains of trees which may provide increased sources of income when used for reforestation or erosion control. More than 1,000,000 trees of special seedling stock have been grown for experimental use in the Authority's reforestation, erosion control, and wildlife development programs; in addition, 82,500 trees have been used as grafted or budded stock, or as cuttings for experimental and demonstration purposes. The Authority's arboretum of selected trees is probably the most comprehensive collection of species of this type in the United States. It contains more than 300 varieties. In the development of tree-crop species or varieties for general use on the farm, more than 1,100 kinds have been investigated, and many of these have been selected for further study and testing. Studies to date include superior varieties of black walnut, northern pecan, blight-resistant chestnut, persimmon, thornless honey locust, and several select varieties of black locust.

Demonstration tests of a tree's practical value and adaptability are made under actual farm conditions through the cooperation of interested landowners selected by the Extension Services. Certain investigations are being conducted cooperatively with the Soil Conservation Service and the Federal Bureau of Plant Industry.

Cooperative test plots have been establishd at Blacksburg, Va., and Raleigh, N. C., in order to test the beneficial effect of widely spaced honey locust trees on grass production and the carrying capacity of pastures. These tests are designed to determine whether honey locust can be economically used for pasture shade and forage production. Other investigations are being conducted in order to determine the feed value of honey-locust pods. Several species of shrubs and ground-cover plants are under test and observation in order to determine their soil-holding value when used in roadbanks, gullies, and ditches. Other tree and shrub species are being tested as a source of wildlife food.

(4) Wildlife readjustment is being promoted by the Authority principally to correct maladjustments caused by Tennessee Valley Authority reservoir impoundments. It is the incidental aim of this program to achieve a better balanced

wildlife in the region, with resulting increases in income, food, and recreation from fish, fur, and game resources.

Two fish hatcheries and several rearing ponds now operated cooperatively by the United States Fish and Wildlife Service have been constructed by the Authority in order to rehabilitate the fish and game resources of the valley. A current creel census of Tennessee Valley Authority waters indicates that the recreational value of fish resources is great, and that the value of the rough fish taken for table use and for the market is substantial. More than 450,000 fisherman-days were recorded on Tennessee Valley Authority reservoirs in Alabama during March, April, and May, 1940; some 57,000 fisherman-days were recorded on Norris Reservoir during the month of June 1940. It requires little imagination to translate these data into new income of significant consequence for the residents and business enterprises of the area. Studies conducted by the Authority indicate that a balanced development of wildlife will furnish substantial income to the people of the valley and thereby also serve to reduce migration to other areas of the Nation.

3. Activities Designed to Aid Enterprise by Providing New Industrial Processes and Facts Concerning Resources of the Region and Their Possible Uses

Migrant workers have left certain regions because the resource base for new enterprise has been lacking or has been used up. Examples in the Tennessee Valley already cited have been the depletion of hardwood forests in some areas and loss of productivity of the soil in other areas through erosion and improper cropping practices. The Authority's programs of reforestation and soil conservation are helping to build back these resources. But compared with other regions, the Tennessee Valley still has an abundance and variety of raw materials and sources of energy for industry.

What is still needed is a way to convert these resources into productive jobs. The transfer of existing manufacturing establishments from one area to another is not the solution from the point of view of the Nation as a whole, since this will help one area at the expense of another.

New manufacturing opportunities must be created and the birthplace for such enterprises in the laboratory. Research activities are underway in the Tennessee Valley which are designed to aid enterprise by providing new industrial processes and facts concerning resources of the region and their possible uses. Appropriate steps are being taken to enable business to visualize and take advantage of new opportunities.

The following examples of research conducted by the Tennessee Valley Authority, in cooperation with other agencies, are illustrative of the work which it performs in this connection.

QUICK FREEZING AS A NEW RURAL INDUSTRY

The immersion quick-freezing system, which was developed by the Authority in cooperation with the University of Tennessee Engineering Experiment Station, has reached the stage of commercial application. Chickamauga Producers, Inc., a farm cooperative, has leased the experimental freezing plant at Cleveland, Tenn., and in the spring of 1940 produced and sold approximately 285,000 pounds of strawberries and peas, of which 115,000 pounds were quick frozen and the others cold packed. Through the operation of this plant it was possible to pay the strawberry growers a premium price for their strawberries notwithstanding adverse weather conditions. In addition, approximately 200 girls and a few men were employed in the new processing plant.

Processing plants such as this can double the income of an area from products so processed. The cost sheet for the above strawberry-freezing operation shows that people in the area received for labor, supplies, and raw materials twice the amounts which would have been obtained from the sale of their strawberries at prevailing fresh market prices. If crops are sold on the fresh market, they must be disposed of immediately at spot market prices. Often these prices are so low that it does not pay the farmer to harvest all of the crop. A processing plant means an assured market for quality products, employment for people of the area, and additional income from the sale of supplies and materials when these are available locally.

A quick-freezing plant can be operated to freeze various products 8 months out of the year, drawing on a permanent rather than on a seasonal and, to a large extent, migrant labor supply.

IMPROVING PRESENT RURAL INDUSTRIES BY RESEARCH

Engineers in the past have worked on problems of urban industry rather than those of the rural area, which are equally in need of the help of modern research.

For example, the cottonseed-crushing industry, whose products are worth $300,000,000 annually, has in the past operated by rule-of-thumb methods. Engineering research and technical control have been lacking. The present possibilities for a research program to achieve significant results in a case of this kind are large precisely because of neglect in the past. To illustrate, the University of Tennessee Engineering Experiment Station initiated a study of the cottonseed-cooking process. With Tennessee Valley Authority help a new type of pressure cooker was developed and operated in connection with full-size commercial press-room equipment. Results convinced mill operators who sent their seed in to be processed that greater oil recovery and other advantages would pay for the new equipment in one or two seasons' operation. If all of the industry adopts the new method, savings would amount to $3,000,000 per year. Three cottonseed mill machinery companies are now making and installing this type of equipment under a license arrangement, under which income from fees will be applied to further research.

With value added to the oil and other products of the cotton plant, less dependence need be placed by the farmer on the price of cotton fiber. The new equipment, by improving the product and simplyfying operation, strengthens the position of the small rural mill, thus ensuring continued employment where most needed.

A number of other projects are at various stages of experimental development. One of these is the development of flax as a new southern crop to give fiber and linseed oil. Resulting diversification would lessen dependence upon cotton. Another promising project relates to a more widespread southern resource than cotton, namely, wood. New uses for waste products and cull timber are being sought. In addition to new uses as a building and insulating material, wood can furnish automatic heat for homes and fuel for internal combustion engines for farm use. In many low incomes areas of the Tennessee Valley, second-growth timber is the only raw-material resource on which to build new industry.

NEW MINERAL RESOURCE DEVELOPMENTS

How private initiative can make the results of public research the basis for new industry is illustrated in the field of mineral research. Vermiculite, a material similar to mica which exfoliates about 10 times its original volume when heated, has been coming into use as a thermal and acoustical insulating material. Its light weight and insulating properties make it a desirable material in building construction. Interest in the North Carolina deposits of the mineral resulted largely from a field survey and experimental work by the Authority. But the utilization of this research was due to three companies which proceeded to produce the material. Increasing uses for it promise to lead to expansion into a sizeable industry, giving employment to people of the valley area. One mining operator is producing it for lightweight concrete.

Kaolin, olivine, talc, and mica are other lesser known minerals for which Tennessee Valley Authority technicians have discovered new uses offering opportunities for economic expansion.

INDUSTRIAL ECONOMIC RESEARCH

In addition to the long-time research approach to the problem of industrial growth in low income areas, the Authority has other channels for enabling business leaders to visualize and take advantage of new opportunities for local industry based on utilization of the region's resources.

During its 7 years of operation, the Authority has built up a body of facts and economic data about the resources of the area in their relation to transportation, electric power, and markets. This information is available to business leaders interested in local development.

GENERAL ECONOMICS RESEARCH

Closely akin to Tennessee Valley Authority research designed to assist enterprise in the development of new resources are other research activities conducted by the Authority to determine basic facts in connection with the relationship of the region's economic development to that of the country as a whole.

To obtain a better understanding of the factors responsible for the South's long-continued depression, the Authority in its very earliest days gathered a staff to study and report on conditions which hinder the region's full economic development. Largely because of this activity, a major southern transportation handicap, long known to many traffic men, but not fully understood by the public, was brought to the attention of Congress and the public, and the machinery for its removal has already been created and set in motion.

In the Southeast, the major source of employment has long been an agriculture devoted to the production of what have in recent years come to be surplus commodities—cotton, tobacco, and corn are the leading examples. Because of the great surplus of rural population, both farm income and urban wages in the Southeast are lower than those elsewhere. Such a situation in conjunction with other genuine southern advantages, such as mild climate, low-cost fuel and power, low rents and taxes, and abundance of raw materials, should normally result in a large industrial development continuing to the point where the surplus population was absorbed and the region's level of income had risen to that prevailing in other parts of the United States. To a limited extent such a natural adjustment has actually taken place. In seeking the reasons for its not having taken place on a sufficient scale, students of the region have long suspected that artificial barriers stood in the way.

As Tennessee Valley Authority transportation economics research presently developed, a high artificial barrier does hamper development, in the form of railway freight rates, which discourages the manufacture of high-class goods in the South. A Tennessee Valley report, the Interterritorial Freight Rate Problem of the United States, sent to Congress in May 1937 and published as House Document No. 264, Seventy-fifth Congress, first session, showed the precise amount of discrimination and brought the issue squarely into public notice and understanding. The report revealed two highly significant facts. First, the South and the other great raw-materials regions suffer severely under the rate handicaps. Second, the discrimination against the South is without justification, because the cost to the railroads of rendering freight-transportation service is on the average no higher in the Southeast than in the Northeast. The report has been recognized as an authoritative document on the interregional rate situation.

In the same month that the Tennessee Valley Authority report was published. the governors of eight southern States asked the Interstate Commerce Commission for lower rates on a number of manufactured products in movement from the Southeast to the Northeast. In February 1939 a second Tennessee Valley Authority report, Supplemental Phases of the Interterritorial Freight Rate Problem (subsequently published as H. Doc. No. 271, 76th Cong., 1st sess.), was sent to the President. The major points it adds to information on the subject are that discrimination against the South and other raw-materials regions grew even greater under the 1938 uniform 10-percent rise in most freight rates throughout the country, and that a large part of eastern Canada enjoys cheaper transportation arrangements with the northeastern United States than do the southeastern States, in spite of the lower costs of operating railroads in the Southeast than in Canada.

In the summer of 1939 the Interstate Commerce Commission announced that it would undertake an investigation of class rates in all the territory east of the Rocky Mountains—a proceeding which is now in the preliminary stages. In November 1939 the *Southern Governors' case* was decided by the Commission. Its decision resulted in the establishment of rates on a few types of manufactured goods between the Southeast and the Northeast on the same level as prevails in the Northeast. The decision did not affect, however, a multitude of class rates not considered in this particular decision.

Under new legislation enacted in October 1940, the existing legal definition of discrimination is apparently extended so as to apply to unjust discrimination, as between regions. The final outcome, for the South, now depends on the Interstate Commerce Commission's findings in the pending investigation on the question of whether existing discriminations are justified by regional differences in the cost of conducting the business of freight transportation.

While the precise effect is beyond the realm of measurement, it is clear that the scheme of discriminatory regionalized freight rates tends to perpetuate the conditions which have retarded southern industrial development. It is, therefore, responsible in part for the continuing migration of southerners into northern industrial districts. In the measure that the Southeast is afforded relief by these pending proceedings which will make possible a greater industrial development in the region, to that extent will the existing pressure toward migration give way to the attractions of increased opportunity at home.

4. Activities in Establishing Mass-Consumption Pricing Policies in the Sale of Electricity

It is today almost universally recognized that expanding production and distribution of the products of industry, together with the rising standard of living in which such expansion results, depends upon an almost constant lowering of prices. Large-scale production made possible by substantial price reductions over a period of years is exemplified by the automobile, radio, refrigerator, and numerous other industries.

Competition exerts in most industries a strong pull in the direction of the price-reduction policies which are essential to increasing consumption. Where monopoly exists, on the other hand, the incentive to reduce prices is slight, since adequate profits may be realized by maintaining prices at an artificial level without seeking an increased volume of production and sales. Public regulation, in the case of legal monopolies such as electric utilities, has failed to supply the urge which is needed.

To the extent, therefore, that governmental activity can assist in restoring vitality to pricing policies in the electrical utility industry or other legally monopolized fields, it is in effect helping to bring about industrial expansion, not only in the electrical industry itself but also in other industries whose costs—and prices—are determined to any extent by the amounts they pay for electricity which they use in the industrial process.

This is the basis of the Tennessee Valley Authority's electric power program. In September 1933 the Authority announced the schedule of resale rates which were to be included in its contracts with wholesale customers. These rates represented a drastic reduction in electricity prices—as much as 50 percent of the existing level of private rates in some instances. The purpose of the Tennessee Valley Authority promotional rate schedules was to match mass production by mass consumption. The results have more than justified expectations.

CONSUMER SAVINGS

As of August 1, 1940, the savings resulting from the application of Tennessee Valley Authority resale rates to customers served by the Authority's distributors totaled $9,100,000. This total was distributed 36 percent to residential customers, 35 percent to commercial customers, 26 percent to industrial users, and the balance, 3 percent, to municipal street-lighting customers.

The Authority's contract with its wholesale distributors provides that all earnings which remain after the payment of operating expenses, depreciation, taxes, interest, and other fixed obligations, may be used for system expansion, for the retirement of the bonded indebtedness prior to maturity date, or for further reductions in rates. At present the first two alternatives account for most of the distributors' surplus earnings. As debts are reduced and systems expanded toward the limit of economic feasibility, the principal means of disposing of surplus earnings will be in further rate reductions. Already two distributors, the Alcorn County Association and the city of Tupelo, in Mississippi, have reduced their rates below the basic Tennessee Valley Authority level.

INCREASED USE OF ELECTRICITY

In the years between 1934 and 1940 the Authority was engaged in acquiring an integrated market area in which it could dispose of its surplus power. During the period that this market area was being developed, average use statistics are distorted somewhat by the acquisition of properties having a lower or higher average use than that prevailing on the Authority's system at the date of acquisition. It can be said, however, that the average use of residential customers served by Tennessee Valley Authority contractors has always been considerably higher than the national average. The average residential rate has been much lower than the national average. For the 12 months ending August 1940 the average use in the Nation was 934 kilowatt-hours, and the average rate 3.89 cents per kilowatt-hour. In the same period, the average residential use of customers served from the Tennessee Valley Authority system was 1,389 kilowatt-hours, and the average rate 2.10 cents per kilowatt-hour. Thus, the average use in the Tennessee Valley Authority area was 49 percent higher than that prevailing in the Nation, while the average rate was 46 percent lower.

EFFECT OF TENNESSEE VALLEY AUTHORITY RATES ON RATES, SALES, AND EARNINGS OF PRIVATE COMPANIES IN THE AREA

The announcement of Tennessee Valley Authority's promotional rate schedule led private companies in the area to reduce their rates substantially. Thus, between 1932 and 1939, the average residential rate for the country as a whole decreased 28 percent. The percentage reduction for the Alabama Power Co. during the same period was 42 percent; that for the Georgia Power Co. was 46 percent; and that for the Tennessee Electric Power Co. (from 1932 to 1938) was 55 percent.

These reductions in rates were accompanied by huge increases in use by the companies' customers. Between 1932 and 1939 average use of the Alabama Power Co. and Georgia Power Co. increased 77 percent and 80 percent, respectively, compared with a 49-percent increase for the Nation. The Tennessee Electric Power Co. reported an increase of 147 percent between 1932 and 1938. The effect of the companies' lowered rates upon consumption of electricity is clearly shown by the following table:

Comparative data on average residential consumption and date

	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939
Average kilowatt-hour per customer:										
Alabama Power Co	694	765	798	793	871	997	1, 149	1, 289	1, 382	1, 413
Georgia Power Co	684	766	803	805	885	1, 039	1, 183	1, 313	1, 399	1, 446
Tennessee Electric Power Co	532	576	591	612	774	965	1, 176	1, 353	1, 461	------
United States	543	578	597	595	624	672	727	793	845	890
Average rate per kilowatt-hour:	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*	*Cents*
Alabama Power Co	5. 05	4. 88	4. 79	4. 62	3. 84	3. 54	3. 20	2. 97	2. 85	2. 76
Georgia Power Co	5. 77	5. 42	5. 29	5. 16	4. 00	3. 63	3. 37	3. 04	2. 93	2. 84
Tennessee Electric Power Co	6. 44	6. 20	6. 13	5. 77	4. 13	3. 63	3. 13	2. 86	2. 75	------
United States	6. 00	5. 74	5. 57	5. 49	5. 30	4. 99	4. 65	4. 39	4. 21	4. 03

NOTE.—Figures for the Tennessee Electric Power Co., include farm and rural customers; figures for the United States and for the other companies represent urban residential service.

It is an interesting fact that this combination of lowered rates and increased consumption resulted in greater earnings to the companies concerned.

A comparison of income statements for the Commonwealth & Southern Corporation and its principal southern subsidiaries, reveals that during the year ended December 31, 1939, gross earnings were substantially in excess of those reported for the same period in 1932. Gross earnings for the Commonwealth & Southern Corporation itself were 23 percent higher for 1939 than 1932; for the Alabama Power Co., 42 percent higher; for the Georgia Power Co., 40 percent higher; for the Mississippi Power Co., 23 percent higher; and for the Tennessee Electric Power Co., 43 percent higher (in 1938).[27]

For all of the subsidiary companies, operating expenses, maintenance, and taxes during the last calendar year of operation have exceeded by large amounts the same expenses for 1932. These increases ranged from 81 percent for the Tennessee Electric Power Co. in 1938 to 16 percent for the Mississippi Power Co. in 1939. Even more sustantial increases are noted in the retirement reserve allowance. For the Commonwealth & Southern Corporation, the provision for retirement increased 70.5 percent between 1932 and 1939. The percentage increase for the Alabama Power Co. was 179.1 percent; for the Georgia Power Co., 145.5 percent; and for the Mississippi Power Co., 282.5 percent. Between 1932 and 1938, the retirement provision for the Tennessee Electric Power Co. remained unchanged from year to year.

In spite of these enormous increases in operating expenses, all of the companies except the Georgia Power Co. have shown increases in net income over 1932. The net income for the Commonwealth & Southern Corporation for 1939, which did not include any income from the Tennessee Electric Power Co., was 1.3 percent higher than the 1932 figure. Other companies showed the following percentage increases in net income. Alabama Power Co., 19.2 percent; Mississippi Power Co., 156 percent; and Tennessee Electric Power Co., 15.6 percent (increase in 1938 over 1932). The Georgia Power Co.'s net income in 1939 was $788,429 lower than in 1932. This 13.7-percent reduction in net income was due in large part to an increase of $1,920,000 in the provision for retirement. The net income of all of these companies dropped to 1932–39 lows in 1934, and the percentage increases between the latter year and 1939 are therefore even greater than those between 1932 and 1939.

The 1932–39 figures are summarized in the following table:

Condensed comparative income statements Commonwealth and Southern Corporation and principal southern subsidiaries

	Gross earnings	Operating expenses, maintenance, and taxes	Retirement	Fixed charges	Net income	Balance to common
Commonwealth & Southern Corporation:						
1932	$114, 513, 921	$51, 879, 533	$9, 538, 719	$39, 852, 670	$13, 242, 998	$4, 247, 693
1939	$140, 868, 041	$74, 509, 413	$16, 260, 510	$36, 684, 482	$13, 413, 636	$4. 416, 051
Percent increase	23. 0	43. 6	70. 5	(8. 0)	1. 3	4. 0
Alabama Power Co.:						
1932	$15, 583, 840	$6, 563, 750	$936. 000	$4, 628, 306	$3, 455, 784	$1, 114, 517
1939	$22, 102, 809	$10, 513, 270	$2, 612. 280	$4, 858, 285	$4, 118, 973	$1, 776, 835
Percent increase	41. 8	60. 2	179. 1	5. 0	19. 2	59. 4
Georgia Power Co.:						
1932	$22, 416, 127	$9, 580, 925	$1, 320, 000	$5. 742, 556	$5, 772, 646	$2, 326, 279
1939	$31, 451, 738	$16, 608, 892	$3. 240. 000	$6, 618, 693	$4, 984, 154	$2, 033, 804
Percent increase	40. 3	73. 4	145. 5	15. 3	(13. 7)	(12. 6)
Mississippi Power Co.:						
1932	$2, 996, 321	$1, 965, 351	$73, 200	$756, 268	$201, 502	$71, 984
1939	$3, 671, 961	$2, 285, 708	$280. 000	$590, 426	$515, 828	$262, 766
Percent increase	22. 6	16. 3	282. 5	(21. 9)	156. 0	265. 0
Tennessee Electric Power Co.:						
1932	$11, 743, 675	$5, 464, 616	$1, 260, 000	$2, 648, 810	$2, 370, 248	$819. 366
1938	$16, 734, 440	$9, 911, 258	$1, 260, 000	$2, 823, 981	$2, 739, 201	$1, 188. 335
Percent increase	42. 5	81. 4	0	6. 6	15. 6	45. 0

RURAL ELECTRIFICATION

The increased consumption of electricity during recent years in the valley area as a whole has been accompanied by greater use on the farms.

Since December 31, 1932, the number of farms receiving electric service in the 7 valley States—Alabama, Georgia, Kentucky, Mississippi, North Carolina, Tennessee, and Virginia—has increased from 60.147 to 254,800 as of December 31,

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[27] The reported earnings of the Commonwealth & Southern Corporation during 1939 do not include any income derived from the Tennessee Electric Power Co., although the latter company was operated until August 15, 1939.

1939. This represents an increase of approximately 324 percent, which compares with an increase of 152 percent for the entire Nation during the same period. In the valley States, the greatest growth in electrified farms occurred during the year 1939 when approximately 90,000 farms received electric service for the first time; this represented an increase of 55 percent over the previous year. For the same period, electrified farms in the United States increased only 27 percent over the 1938 figure.

Important factors in this rural development in the valley area have been the employment of the electric cooperative as the agency for electricity distribution, the development of low-cost rural lines, and the financing of projects by the Rural Electrification Administration. To date, this agency has loaned $10,486,884 to Tennessee Valley Authority distributors, while the Authority has loaned $4,400,512. Most of this money has been used for the construction of new rural lines, although a substantial part was used to finance the acquisition of utility-company properties.

The growth of rural electrification is providing opportunities for improved agricultural practices, resulting in increased farm income. The Authority and the land-grant colleges are cooperating in the development of new types of low-cost electrical equipment which can be of assistance to farmers in this respect. Through arrangements with private industry, such equipment, when developed, is manufactured and placed on the market. The following are some examples of equipment which already has been developed:

Pig brooders: Costing less than $3 for materials.

Chick brooders: Costing less than $15 for materials for a 200-chick capacity brooder. Such a brooder provides an economical method for raising home flocks for egg production and broilers for retail sale.

Irrigation of home gardens: The domestic electric water system can be also used to irrigate the home garden, thus insuring against poor gardens during dry-weather periods. The home garden is valued at $75 per year to a rural family, and irrigation often means the difference between a poor crop and a full yield.

Irrigation of truck crops for sale: Irrigation of truck crops has been determined to be practical in many sections of the Tennessee Valley. During the last 3 years in excess of 500 acres have been put under irrigation. The increased yield and corresponding higher income per acre have been reported to repay the investment cost in 1 or 2 years.

Sweetpotato curing: The use of electric heat in curing and storing sweetpotatoes results in a more uniform, high-quality produce that has commanded premium prices on local markets. A net increase of 5 to 10 percent of marketable potatoes (over the number secured through the operation of conventional stove-heated curing houses) has been reported, which will repay the installation cost in the first year of operation.

Hay curing: A new method of curing hay by the use of an electric blower has been developed that will enable hay to be stored in the barn on the same day it is cut. This method removes a big barrier in the production of high-quality hay in a region that has been importing about 500,000 tons annually.

APPLIANCE SALES

The low electricity rates put into effect in the valley area have stimulated not only the electricity business itself, but also the industries which are devoted to the manufacture of electrical appliances.

In the 12 months ending with June 1940, residential appliance sales in the Tennessee Valley Authority area totaled $12,573,000, an average of $46 per customer. This total resulted from the sale of 35,400 electric refrigerators, 12,600 electric ranges, 4,700 electric water heaters, 1,300 electric water pumps, 14,600 electric washers, and 188,400 unclassified appliances. On the basis of available statistics, it is estimated that if an average of $46 prevailed throughout the Nation, total appliance sales would be increased by over $330,000,000 annually. As of September 1, 1940, 69 percent of the residential customers served by Tennessee Valley Authority distributors had electric refrigerators, 23 percent had electric ranges, and 8 percent had electric water heaters.

Practically all appliance sales in the Tennessee Valley Authority territory are made by independent appliance dealers. The Authority's wholesale distributors, and to a certain extent the Authority itself, cooperate closely with these dealers in sales campaigns and other sales promotional activity. The statistics given above are based on monthly reports which these dealers make to the Authority.

The effects of the Authority's power program on the valley area in connection with the problem in which the committee is interested are likely to be far reaching. Increases in the use of electricity, increases in sales of electricity, increases in the real income and in the buying power of farmers—all of these mean stimulation of many fields of private industry, a rising standard of living, and widened economic opportunities for the people of the region. They also mean, by the same token, a lessening of the impulse toward migration.

5. Activities Relating to Water Control in the Interests of Flood Control, Navigation, and Recreation

Tennessee Valley Authority's dams are multipurpose structures constructed jointly in the primary interests of navigation and flood control, with the production of power as an incident thereto. The Authority's water-control program is another means of widening economic opportunity in the region which it serves.

FLOOD CONTROL

The Tennessee River has been one of the principal contributors to floodwaters on the Ohio and Mississippi Rivers. Money losses from floods on these streams, as well as those which have occurred in the past on the Tennessee River itself, have been enormous. A large portion of these losses are borne by industry and commerce whose properties may be destroyed or forced temporarily to shut down during flood periods. Economic opportunities are widened, therefore, when private enterprise is freed from the burden of such losses.

The effect of the Tennessee Valley Authority's system of dams was partially demonstrated during the winter of 1936 and the early part of 1937, when a major flood occurred on the Ohio and Tennessee Rivers. At that time, Norris Dam had been completed. This one dam held back sufficient water to lower the flood crest during the high-water stage by 4 feet at Chattanooga and by nearly half a foot at Cairo, Ill. These 6 inches were critical for Cairo at the time, since the Ohio had risen above its flood wall and the city was protected only by an emergency mud box built on top of the levee. Norris is, of course, only 1 of 11 dams of the Tennessee Valley Authority system which have been built or are in process of construction.

NAVIGATION

When the Authority's system of dams is completed, the Tennessee River will be navigable from Knoxville to its mouth, a distance of 650 miles. The water transportation which will then be available is likely to stimulate greatly the entire economy of the region.

The most obvious benefit of the improved waterway is that existing traffic adaptable to barge transportation can be moved by water at savings of 20 percent or more. This benefit will accrue not only to river ports but to a wide contiguous territory because the Interstate Commerce Commission requires overland common carriers and barge operators to join in through water-and-overland rates on a level approaching 20 percent below existing all-rail through rates. Geographical limitations attached to this rule exclude joint rates over routes which would be excessively circuitous, but the area in which the lower rates would apply on trade between the Tennessee Valley and the Middle West extends as far back from the Tennessee River as Birmingham, Ala.; Macon, Ga.; Asheville, N. C., and beyond.

While the inland waterway system is not designed primarily to influence the level of rates on existing means of freight transportation, the fact that lower-cost substitute transportation exists generally does result in a lowering of rates to meet the competition. The transportation advantage of a city like New York, for example, lies not only in the ability to ship by water, but in the existence of railway rates set low enough to compete with water rates. The fact that the Pacific coast can be reached by water shipment through the Panama Canal is responsible for New York's ability to reach the Pacific coast more cheaply by rail than a number of points on the railroad between New York and the Pacific coast can. As such an arrangement works to the commercial advantage of a city like New York, so the improved waterway will promote a wider development of industry and trade in the upper Southeast.

The Authority is now cooperating with the various communities along the river in the formulation of their plans to provide for a unified terminal system which will be the connecting link between water and land carriers. It is significant that plans for these terminals contemplate a distribution of waterway benefits to as wide an area as may be practicable and will, it is hoped, be operated under one management for the entire valley region. The plan is unique in that the various communities will be cooperating instead of competing for traffic, and the rates at each port will be uniform.

Perhaps even more important than the savings on existing commerce, however, are the opportunities of increased commerce which any reduction of transportation costs will bring about. In addition to the national benefit in the form of a greater aggregate production, cheaper transportation widens the market for the community to which it is extended. Up to a certain distance from his factory, for example, an Alabama stove manufacturer possesses the advantage of lower transportation costs over his competitors; up to this point his competitor must pay or absorb the excess of his transportation costs over the Alabama manufacturer's or else lose the business. Beyond the distance at which the rate from Alabama and the competing factory are equal, the competitive situation is reversed; that is, the Alabama producer must absorb progressively larger amounts of excess transportation charges until he reaches a point beyond which the necessary absorption would swallow his entire profit. To go still further would be to incur a direct loss.

Because of the high existing rates on manufactured goods in the Southeast, areas in which the region's enterprises have market equality or advantages are relatively much more narrow than are the markets for enterprises located in low-rate territory. Any lowering of the Southeast's cost of transportation, such as results from the creation of the barge waterway, will widen the territory in which the southern producer can do business pofitably.

Although the Tennessee River can reach its full usefulness to consumers and farmers only when the dams are completed and a system of terminals has been constructed, transportation savings for southeastern businesses and industries are already coming into being. Among movements in existence and growing are gasoline from Illinois to Tennessee River points as far up as Chattanooga; grain from Kansas City and Minneapolis to Decatur, Guntersville, and Chattanooga; pig iron from Birmingham by rail to Decatur and Sheffield and thence by barge to Chicago. A large flour mill in Chattanooga, after trying contract barge service from the Middle Western Grain Belt, invested in and is profitably operating its own towboat and barges; another company has almost completed a mill at Decatur to take advantage of cheap barged grain. A large aluminum plant to employ 1,200 men is under construction at Sheffield, Ala., a river port. The flour and the aluminum plants will be entirely new industries in the region. Even at this early stage, the waterway has resulted in an indirect saving, also, in the form of lowered railway rates on gasoline from Louisiana refineries to Tennessee River points.

From the foregoing, it seems clear that improvement of the Tennessee River for modern barge navigation is a force which will widen economic opportunity in the Southeast. It will, therefore, help to eliminate the present necessity of migrating out of the region in search of opportunity.

RECREATIONAL DEVELOPMENT

In its contribution to recreation planning, the Authority is dealing with a resource which is of primary importance in the Tennessee Valley. Early in its program, the Tennessee Valley Authority took inventory of the recreation possibilities of the valley. It found a lack of public recreation areas, and a lack of agencies for establishing them. On the other hand, it found a wealth of potential areas and an opportunity to increase incomes throughout the region by recreation development.

An important factor in the establishment of a recreation area was supplied by the Tennessee Valley Authority in its construction of a series of multipurpose dams. Ten Tennessee Valley Authority lakes, when completed, will have a water surface of over half a million acres, and will be surrounded by a publicly owned shore line of 6,000 miles. The lakes will range in length from 15 to 185 miles, in area from 5,800 to 256,000 acres, and in altitude from 350 to 1,500 feet above mean sea level. They are located in the midst of a low-income area, providing easy access to recreation facilities for people who otherwise would be entirely without them, and providing these people with an entirely new source of income and opportunity for employment.

Tangible economic benefits from recreation developments are difficult to measure. The Tennessee Valley Authority report on recreation development in the Tennessee Valley includes limited statistics on tourist income, employment, markets for recreation business, and taxable improvement. The report goes on to point out that—

"Resources for recreation are usually most plentiful where other economic resources are most meager, and their development brings widely distributed benefits, reaching from city, town, and farm into the most remote mountain cove. It takes no capital to launch the business of selling fishworms nor is an expensive building program required to add a profitable line of fishing tackle at the village store. Well-financed corporations are needed to build hotels and to operate elaborate tours, but this does not keep the little man from getting his share of the recreation business through some other channel. Every visitor to a Tennessee Valley Authority dam, every patron of recreation facilities on a reservoir, and every tourist who comes to see fall color in the mountains or to spend his vacation at an invigorating altitude is a purchaser of recreation goods and services. He needs food and lodging, fuel and transportation, and sporting goods and clothing, and he may desire guide service for himself or mountain handicraft for those back home."

Any program of recreation development retards migration from a region to the extent that the development of a new material resource increases the social and economic opportunities within the region. To some extent, such opportunities will be increased by recreation development in the Tennessee Valley.

6. Effects of the Authority's Program on Particular Groups

The Authority's program has affected two particular groups of persons, reference to which may be of interest in connection with the migration problem. These are (1) workmen and others employed by the Authority or directly affected by its personnel policies, and (2) persons displaced from their lands as a result of Tennessee Valley Authority reservoir projects.

EFFECTS OF TENNESSEE VALLEY AUTHORITY PERSONNEL POLICIES

The recruitment of trades and labor personnel in the Authority is restricted insofar as possible to areas within reasonable distance of the projects on which the men are to work. One reason for the adoption of this policy was to avoid migration to the Tennessee Valley area of great numbers of persons because of Tennessee Valley Authority construction work which, at best, is temporary. A policy which encouraged widespread influx into the Valley of persons seeking work would have created the problem of large numbers of citizens left stranded at the end of construction, and faced then with the necessity of migrating elsewhere or settling down to substandard living because of excess of labor supply over demand. The geographic restriction on employment has been waived at intervals for persons in skilled trades when the available supply in the valley area became insufficient to meet clear needs.

Early in the operation of the Authority, the principle of setting the same rate of pay for similar work throughout the operations of the Authority was established. This principle is also applied to occupations in the trades and labor groups whose rates are determined on the basis of prevailing rates of pay, as required by the Tennessee Valley Authority Act, and through the processes of collective bargaining. The effect of such a policy has been to help stabilize wage standards throughout the Valley area. The favorable reaction of organized labor to the uniform wage schedule on Tennessee Valley Authority work indicates that the schedule has affected economic conditions in the area. The

Authority's uniform schedule has tended to raise rates of low wage spots in the Valley to more nearly conform to prevailing rates of established labor centers.

In addition to the establishment of a uniform wage schedule with its attendant effects upon the economic level of the valley area, the personnel policies of the Authority have been designed to increase the skill of residents of the area, thereby diminishing the need for inducing migration from other areas into an area where a plentiful labor supply already exists. A craft apprenticeship system has been in operation on the Authority's construction projects since 1937. The system was jointly inaugurated by labor and management, and has the approval of the Federal Apprenticeship Committee and the international craft organizations concerned. The apprenticeships provide for approximately 4 years of job rotation and related class work. Upon completion of this period, the apprentice is promoted to journeymanship, fully capable of performing the functions of his craft. To date, 169 apprentices in 8 different crafts have completed their apprenticeships with the Authority and are working as journeymen in this area, although not all of these apprentice graduates are employed by the Authority. There are now 171 apprentices in the process of training. In addition, more than 30,000 different workers have had at one time or another a substantial period of construction employment with the Authority, during which time they had the advantage of training and supervision designed to improve skills and craftsmanship. The effect of this reservoir of improved skill and experience is difficult to measure, but its value is apparent as national-defense needs increase the demand for competent trained labor.

Other training programs have been developed with the same objective of increasing the available reservoir of skill in the area. These programs include training for more versatile journeymen, and training for rodmen, construction inspectors, and engineering draftsmen. Through the medium of training, the Authority has developed skilled employees who can economically execute the work of the Authority and who, as a result of the development of these new skills through training, are capable of continuing to contribute to the valley area when the construction work of the Authority has been completed.

Insofar as it is administratively feasible, the Authority has conducted its training program through existing local agencies. For example, the vocational and technical high schools in the area have shown marked willingness to cooperate in conducting related training in connection with apprentice programs. They have gone further to establish additional training opportunities in terms of the needs of organizations other than the Tennessee Valley Authority.

As a result of these developments, the area is becoming better able to develop from among its own people the skills which its economy requires.

EFFECTS OF TENNESSEE VALLEY AUTHORITY RESERVOIR PROJECTS ON PERSONS RESIDING IN FLOODED AREAS

Soon after the Authority was created, it became apparent that large numbers of people would be displaced as a result of dam and reservoir construction. Accordingly, the Tennessee Valley Authority Act was amended to empower the Authority to cooperate in the readjustment of displaced persons and families.

Consistent with the purposes of the act, a program of population readjustment has been planned and executed in each reservoir area. Readjustment is considered to be a long-time process in which the families affected, the local communities, and their agencies have an interest and a responsibility. Many of the problems arising in the readjustment of families and communities are closely related to other local conditions already requiring the attention of existing agencies; therefore, it was considered expedient not to duplicate the programs of any of these agencies, but rather to secure their interest and active cooperation in the program of readjutment whereby the social environment and economic opportunity of the families will be at least as desirable as those available to them prior to their removal from land purchased by the Authority.

Because a majority of the displaced families (63 percent of those relocated to date) are farm families, and most of the remainder indirectly depend upon agriculture, contractual agreements have been entered into with the Agricultural Extension Services of the valley States for the purpose of assisting in the relocation and the readjustment of farm families displaced by the construction of dams in their respective States. Many other Government and private organizations and groups aid in the formulation and execution of plans for readjustment which is expected to continue after the construction of the dams is completed and the reservoirs flooded.

To date, over 6,000 families, or approximately 26,000 persons, have moved from behind the 6 dams already completed in the valley, and approximately 6,000 additional families will move from lands in the process of acquisition in connection with dams now under construction.

The following table gives the number of families removed from each area, classified according to tenure:

Area	Families removed		
	Total	Landowners	Tenants
Norris	2, 899	1, 708	1, 191
Wheeler	842	61	781
Pickwick	506	126	380
Guntersville	1, 182	152	1, 030
Chickamauga	903	263	640
Hiwassee	261	76	185
Total	2, 593	2, 386	4, 207

Because the areas flooded are characterized by a stable rural population, most of the families have relocated on farms or in communities nearby. Only 24 percent of the families relocated to date have left the counties in which they previously resided, and only 5 percent have left their States. Many of the farmers, especially in Alabama, had been accustomed to one-crop farming on the river bottoms. Assistance has been available to them through the extension services in their efforts to readjust to a somewhat different agricultural economy. Many more farmers than ever before throughout the valley are now participating in the various Government soil-improvement and diversified agricultural programs. Farm and home ownership among displaced families has increased to some extent in each of the reservoir areas.

Thus, while the displacement of families as a result of reservoir developments has created a number of problems, these have been solved without any maladjustment resulting from the displacement. Moreover, the vast majority of displaced families have been absorbed within the region and have not migrated to other areas.

III. Conclusion—Effects of Regional Integration of Activities Directed To Widening Economic Opportunities on the Migrant Problem

The activities of the Tennessee Valley Authority outlined above do not, for the most part, represent the exercise of new governmental functions. The Federal Government has over a period of many years constructed waterways, sold electric power, controlled floods, aided the farmer, encouraged industrial growth, and engaged in virtually all of the other activities which, taken together, form the Tennessee Valley Authority's program.

The Authority and its program are a new kind of governmental undertaking, however, in that they represent a pioneer effort to integrate and correlate governmental activity in the interests of promoting a balanced economic development in an entire region.

As regards the problem under investigation by the committee, Tennessee Valley Authority's importance lies in its effect upon the widening of economic opportunity in a region which, because of its unbalanced economic development, has contributed heavily to the stream of interstate migration. As economic opportunities expand within the area as a result of the impact of a regional program of coordinate economic development enlisting full cooperation of the people of the area the impetus to such migration will steadily decline.

TESTIMONY OF JOHN P. FERRIS—Resumed

Mr. SPARKMAN. I wonder if you will give us some of the high lights contained in your statement in your own way.

MIGRATION FROM TENNESSEE VALLEY REGION

Mr. FERRIS. As my testimony proceeds the members of the committee will soon discover that I am not an expert on the subject of migration. It is, however, a fact that great movements of population have occurred out of the Tennessee Valley region and out of the Southeast and that they have been occurring for a long time. Now, obviously, these migrations were not due to chance but due to certain fundamental problems that the people of that region have had to face.

In order to make the things the Tennessee Valley Authority is doing really effective in the lives of the people of that area, the Authority was inevitably forced to inquire into what these fundamental problems were that were causing migrations and to try to adjust what we were doing so it would contribute toward their solution.

These activities of the Authority have not been aimed directly at attempting to influence migrations one way or another, but they have no doubt had considerable influence on migration, and in my personal opinion they will have an increasing influence as time goes on.

In giving you the high lights of this assembly of material concerning the possible effects of the Authority's program on migration, I would like to start with a very brief statement that represents my own idea of the dominant cause, an idea, I think, in which most of the members of our staff concur—that the motive of interstate migrations today, as in the past, is the search for greater economic opportunities.

In the past, these migrations were primarily toward the undeveloped western lands and hence healthy and necessary to the national development and a rising standard of living in the country.

But since this western frontier has ceased to exist, since Americans struck the Pacific Ocean and had to turn back, migration has consisted primarily of people who have to go out and compete with other people in the areas to which they go. This leads us back to the rather obvious conclusion that the core of the problem is finding economic opportunities for people.

Mr. PARSONS. After all, it is on the same principle of seeking economic opportunities which was the reason our forefathers went West and West and West until the Pacific Ocean turned them back.

Mr. FERRIS. I agree, sir. As to the facts concerning the migration from the Tennessee Valley region I merely want to remind you of one or two which will serve to show you that it is a point of origin of migrations.

That region has a high birth rate. For instance, in 1930 there were 531 children under 5 years of age per thousand women of childbearing age in the valley States as against 391 in the country as a whole.

Now, by another test in 1930 these 7 valley States had in them about 950,000 people who had been born elsewhere, but the rest of the United States had in it about 4,190,000 people who had been born in these 7 States. That is, for every new person coming into the Tennessee Valley States, between 4 and 5 had left as of 1939, clearly showing that we are talking about a region from which people go in large numbers.

Most of that drain of population from the valley was toward industrial cities in the Midwest.

Many of the people who went were not destitute, but they were seeking greater economic opportunity—better jobs and more income. Their departure has placed a very heavy burden on those who have remained. To illustrate: In one particular county in the hilly eastern end of the valley you will find the customary high birth rate and far more young people up to the age of 22 than in the United States as a whole. Then they begin to drop off. They go out somewhere else to contribute their labor and make a living. All the way to the age of 52, that is true—they are gone. At 52 they find the cities are through with them and they return. From then on this county has to support the same number of old people that the United States does as a whole on the average.

In other words, one of the effects of migration from a region such as the Southeast is that people are away when they are producing, but they are there when not producing, which means that the productive element in the population has a far heavier burden to carry in paying for schools and libraries and medical services and all social services.

One more indication of the problem: In 1930 in the valley States there were about 122 dependent people per thousand population. There were 90 in the country as a whole, simply nailing down that same point.

The record which has been submitted here is, as Congressman Sparkman says, voluminous. I do not think it would be constructive even to attempt to digest the data in it.

Mr. Sparkman. Mr. Ferris, may I say at this point, and I should have said it a while ago, the entire statement will be placed in the record just as it is presented here.

CAUSES OF MIGRATION

Mr. Ferris. I understood that would be done.

Instead of attempting merely to give further figures about the valley and the reasons that it is a source of migration, it would seem to me perhaps more constructive to indicate what I think to be the underlying causes.

I believe the valley and the entire Southeast are, being raw-material regions, suffering the same disadvantages as raw-material regions all over the country and all over the world suffer.

All raw-material regions in the world, according to my observations, are characterized by the population receiving a comparatively small return for what they do. They take their natural resources. They send them in the raw state to the markets of the world. They sell them at low prices—prices in competition with cheap labor from everywhere. When the score is in, they haven't money with which to buy manufactured goods.

To illustrate: A typical timberland owner in the South would have to sell 300 tons of pulpwood to get enough money to buy one cheap automobile.

Now, forests don't last forever when that goes on for three or four or five decades. You come to the point where the forests are mostly gone and then the people haven't any further way of earning a living.

The proof of this situation, of course, is manifold. However, I would like to call attention to the fact that, in my opinion, many of the figures on low income, on poor housing standards, on lack of health services, and so forth, do not represent the problems themselves. They represent the symptoms of the problem. The problem is how to use better the resources which are there.

For instance, on income, taking the figures of the National Emergency Council's report, the southeastern States enjoyed in 1937 an average income of $314 per capita, I believe, against about $604 per capita as a United States average.

Mr. Osmers. That was income?

Mr. Ferris. Spendable income, yes; for the Southeast.

Mr. Osmers. And the national income was what?

Mr. Ferris. $604. Now why is that true? The raw-materials status is perfectly illustrated in the case of the agricultural situation where we have impaired soils—a one-crop system that tends to exhaust soils, forests that are largely cut off, and so on.

In addition to these fundamental causes we have a system of freight rates in the United States which has grown up around the differences between the economies of the Southeast as a raw-materials region and of other areas which are industrialized and tend to perpetuate the condition.

These conditions were not brought about by the present population in the Southeast or in the Tennessee Valley but have their roots far back in history.

The industrial United States was built quite largely on the income which cotton brought to it in the nineteenth century. When we needed hundreds of millions of dollars to build railroads and factories and cities, where did we get them? The cotton of the South was sold on the world markets and gave us international trade balances by which we were able to industrialize the country largely.

On the other hand, the people in the South, producing cotton largely, and in the interior regions which produced other staple crops like wheat, tended to sell all of these commodities very cheaply on the world market, while everything they had to buy—their farm tools, their clothing, industrial goods of every description—had to be bought primarily behind tariff walls.

But more fundamental, I think, is the fact that those things had to be purchased from industrial populations which sold their brains and skills at higher prices.

Let me illustrate: If you sell pig iron, you get $25 a ton for it; if you make it into watch springs, you get $25,000 a ton for it.

Typically, the people of the South had to sell things like pig iron, and when they bought back watch springs the trading didn't go along very far before it affected their income adversely.

And the low income in turn has created problems of housing, problems of health, and so forth. There had sometimes been a disposition to blame the present situation on the present population. Certain facts indicate the injustice of this. For instance, it can be pointed out that expenditures for education in the southern States are only a little over half the national average. But in justice it should be pointed out that in many cases they constitute a much higher percentage of total State and local tax money available and therefore represent a more energetic effort to get education than in other parts of the country.

I merely wanted to state my opinion that all of the problems on which so many facts have been recorded in the National Emergency Council's report and in the written statement which is being filed here, represent effects in many cases rather than causes of the fundamental condition.

EFFORTS NOW BEING MADE IN TENNESSEE VALLEY TO REMOVE CAUSES OF MIGRATION

Mr. Parsons. Do you think that the development of the Tennessee Valley Authority is going to restore at least a portion of that economy to those States?

Mr. Ferris. May I answer that by giving a very condensed statement of the six lines of activity which I do believe are contributing constructively toward these problems. Will that be satisfactory?

Mr. Parsons. Yes.

1. SOIL CONSERVATION

Mr. Ferris. In the first place, the things that are being done in the Tennessee Valley area by or with the cooperation of the Tennessee Valley Authority are all directed, in our opinions, toward creating more economic opportunity for individuals.

The first has to do with rebuilding soil and stimulating agriculture. You will recall that in 1933 we were entrusted with the experimental operation of the Muscle Shoals nitrate plants.

In those plants concentrated forms of fertilizers have been developed and are being produced experimentally and used, not only in the valley area but rather widely throughout the United States in a program of restoring soils.

Those fertilizers include concentrated phosphates, triple-superphosphate with 45 percent concentration of available phosphorus plant food, calcium metaphosphate with 60 percent and others.

Those fertilizers are not tested merely in scientific tests in laboratories and agricultural experimental stations but are tested by farmers on a large scale throughout the country.

It is recognized that the farm is the smallest unit on which to observe how fertilizers can rebuild soil, because not only chemistry and biology are involved but human nature and farm management and many other things.

There are some 32,000 farms in the United States participating in the testing of these fertilizers. Now, as to the results, let us call attention to a very preliminary analysis made by the University of Tennessee.

This includes 1,126 of these 32,000 farms chosen, I believe, more or less at random for a period of 3 years, during which time the fertilizers were being tested in this program.

During that time the gross farm income on those farms increased 11.1 percent, which was 30.9 percent greater increase than on farms for the State of Tennessee as a whole during the same period.

On those farms twice as much plant food was getting back into the soil as would have been possible at the same costs under the usual mixed fertilizer procedure.

An extension of improved farming methods was occurring and this test-demonstrated farm program seemed to be pointing the way toward a better economy.

Now, as to migration. On those 1,126 farms during that 3-year period, there was not less but more farm labor employed—3.7 percent more. There were more jobs for croppers and hired labor—17 percent more—in spite of the fact that prices of farm crops had declined 11.5 percent during that period.

The testimony today has included some mention of the difficulties, the special difficulties, of cotton agriculture. A number of these 1,126 farms were cotton farms. A check of 121 of them during the 3-year period shown indicated that even on the cotton farms 1 percent more expenditures were made for hiring labor on the farm than had been at the beginning of the period, in spite of the fact that during that 3-year period cotton prices declined 30 percent.

2. FORESTRY DEVELOPMENT

The second major line of activity in this program, which may have important effects on migration ultimately, is in connection with the encouragement of forestry development.

There has been an experimental program in forestry under way in the valley in cooperation with the Federal Forest Service, the C. C. C., and the State extension services, who have foresters on their staffs.

One hundred and ten million seedlings, for instance, grown in two T. V. A. nurseries, have been planted on privately owned and some on T. V. A.-owned lands.

Most of this forestry work has been of a demonstration nature, and a large part of it has been carried out as a means of controlling soil erosion—protecting land.

At the same time there are ultimate opportunities for much greater improvement in using forest products.

3. DISTRIBUTION OF ELECTRICITY SUPPLY

The third general type of work under way in the Tennessee Valley States is the distribution of the electricity which we get by controlling waters by the dams, particularly in the establishment of mass consumption pricing policies.

In this matter of disposing of our electricity supply it was recognized that electricity could be an important means of helping the people use the resources around them and that it was likely that lower prices would result in a much freer and more effective use.

Merely to very briefly mention the score of results at the end of a few years, in August 1940 the average use of electricity in the T. V. A. area was 49 percent higher than the average for the Nation, which seemed to have resulted largely from the fact that the average rates were 46 percent lower.

At this time the average in our area was 2.1 cents per kilowatt-hour as against 3.89 cents for the Nation.

Now, the effect of this mass pricing policy on electricity extends in the valley far beyond the areas served by municipalities and cooperatives who distribute the electricity generated on the Tennessee River. It extends far beyond the Tennessee Valley area.

For instance, the private companies operating nearby were led to reduce their rates substantially.

Mr. Parsons. Do you sell them power wholesale and then private concerns distribute it?

Mr. Ferris. I can't give you the exact figures, but practically the entire area of the Tennessee Valley service network is handled by retailers who buy from the T. V. A., the retailers being the municipalities who have municipal power systems, farm cooperatives, and individual manufacturers.

Some utilities outside of the area immediately served by us do have contracts under which they buy blocks of power from us, including the Arkansas Power Co. and the Commonwealth & Southern group.

However, the general method of distribution is that the power is wholesaled by us. Now, these power companies did decrease their rates and the results indicate that mass consumption of electricity follows low pricing.

Between 1932 and 1939 the Alabama Power Co. and the Georgia Power Co. increased their sales by 80 percent as compared with a national increase of 49 percent, and so on.

There was a great development of the service in rural areas as a result of this program.

In 1932, 60,147 farms were served with electricity in the seven valley States; in 1939, 254,800, an increase of 324 percent. The increase in farms served in the Nation during that 7-year period was 152 percent.

Now, the growth of rural electrification is providing comforts, of course, but far more significantly, it is providing a stimulus to improved agricultural practices. It is helping to get agriculture on a self-sustaining basis through the use of electricity in ways that improve the farmer's income—rural refrigeration, pig brooders, chicken brooders, local feed grinding, and a long list of uses resulting from careful collaboration between the agricultural engineers of the Tennessee Valley Authority, of the universities and farmers to find just those ways of using electricity which put the farmer in a better position to pay off the mortgage at the end of the year. By that I mean mortgage in the usual sense—not electricity.

Mr. CURTIS. I want to ask a question in reference to new industrial plants in the area. Is that covered in your paper?

Mr. FERRIS. It is covered. It is the next point I was going to make. May I proceed?

Mr. CURTIS. Very well, I will withhold my question.

4. INDUSTRIAL RESEARCH PROGRAM

Mr. FERRIS. The fourth activity that we feel has a bearing on the subject of this committee's consideration is the industrial-research program that is under way. Proceeding from the assurance that the problem of the area is to take a rather abundant endowment of resources and get a better income from them, we have had engineers, research engineers and industrial engineers, working for several years examining these resources, making practical studies of what could be done with them as a basis for industry, farm, forest, and mineral raw materials.

Those studies have in many cases had rather interesting results, some of the end products being used in private business.

The whole program proceeds from the assumption that there is nothing constructive in attempting to persuade any industry to move from where it is now to any other area in the United States; that the only constructive approach to raising the income of the area in industry is to find new things to be done which can add to the national income—that is, taking unused resources and finding possible ways by which businessmen can earn money by their use in industry, and so on.

This program has included also a study of the effect of certain interterritorial freight-rate barriers to the economic development of the Southeast.

5. FLOOD CONTROL

The fifth activity that may have a bearing on the problems before this committee has to do with the actual control of water in the river channels, flood control, and navigation program.

That can be mentioned very briefly, as it is perhaps indirectly related to your problem. However, the average annual destruction of $2,000,000 worth of commercial property in the valley region, commercial and agricultural property, is one of the loads on the backs of the people of the region, and the relief from floods undoubtedly will have considerable significance.

Mr. PARSONS. Just on that point, Mr. Ferris. I have been a member of the Rivers and Harbors Committee for several years. I have never been able to understand how a full lake almost to the top of the face of the wall on the Tennessee River could aid or assist in the control of a flood on the Ohio or the Mississippi River.

Mr. FERRIS. I should not think it would, but that is not what the dams are constructed or operated for. Norris Dam, for instance, has a 15-foot supercharged space that is never used for anything else except flood control, with special gates that are never raised during floods. That 15 feet takes care of an enormous flood-control capacity.

Mr. Parsons. Well, I can understand how it might help to take care of some of the flood conditions on the Tennessee River itself if that area has an unusual amount of rainfall, as the upper Ohio did in 1937, but the claim has been made—at least I have been under the impression that the claim has been made—that the improvements in the Tennessee Valley kept a tremendous amount of water out of the Ohio River during the 1937 flood.

Mr. Ferris. I am not a civil engineer, Mr. Congressman, but I do have one figure on that which I believe to be reliable. That is that at the flood crest in the winter of 1936 and 1937, when the city of Cairo, Ill., was fighting the flood with a mud box on top of the levee, the amount held back in the Tennessee Valley took that flood crest down approximately a half a foot. At the same time it took it down 4 feet at Chattanooga.

Now, the other answer, which may not be what you want, is that the Kentucky Dam now under construction will add four and a half million acre-feet of flood storage. That is an extremely large storage of floodwaters.

Mr. Parsons. But when that is filled how, then, will that be of any aid or assistance to the Ohio River?

Mr. Ferris. Obviously it will not.

Mr. Parsons. You are providing a system of locks at the Gilbertsville Dam, are you not?

Mr. Ferris. At the Kentucky Dam; yes.

Mr. Parsons. Will those locks be open for a free and even flow in normal times and then closed up during floodtimes?

Mr. Ferris. I don't understand your question, Mr. Parsons. I think perhaps the best solution to this situation is for me to get a half-page statement from our civil engineers, who have presented the same statement to the courts many times, and file it in the record.

Mr. Parsons. Well, of course, that part of it has nothing to do with our investigation here, and I should not go so far afield, but I am so close to the Gilbertsville Dam in my territory in Illinois, and having been on the Rivers and Harbors Committee for a number of years, it just provoked the question. We will not discuss that any further, because it will take a long time to do it and probably it will not contribute anything to the migration problem.

Mr. Ferris. I am afraid I could not add much more than I have said, but I can very well get an accurate statement for you. In addition to flood control, the control of this river does provide a navigation channel which is of significance not only to the South or to the Tennessee Valley but to the Nation.

There is a 5,700-mile waterway system in the interior of the United States. This development adds 650 miles to it, and the shipments that are actually moving on it are coming in from the midwestern States—Missouri, Illinois, and from other States on the Mississippi River system.

Finally, there has been the effect of the T. V. A. programs in connection with its personnel. There have been a great many people employed there during the course of construction and operation who have had the benefit of the T. V. A. training programs which have made certain contributions to the skills of the workers.

RELOCATION OF POPULATIONS IN TENNESSEE VALLEY

There have been some interesting results in connection with relocation of populations and reservoirs.

In connection with building the reservoirs a certain number of farm families had to be moved. Six thousand or so have been moved already. The question has sometimes been asked as to how the tenants are coming out under this situation.

I have a few figures here that I might leave in the record in connection with the five reservoirs—Wheeler, Pickwick, Guntersville, Chickamauga, and Hiwassee.

Three thousand six hundred and ninety-four families were moved. Two thousand three hundred and seventy-seven were farm families. After the relocation process had been completed, 2,315 continued in the vocation of farming. Of the 2,377 farm families, 1,884 were tenants.

Obviously the tenants have not been displaced but have gone back into agriculture.

These six lines of activity may or may not, in the judgment of the committee, have significance in connection with the migration problem of the United States.

In conclusion, it seems to me that they are directed, all of them, toward fundamental problems faced by the people of the Tennessee Valley and the Southeast. The work is being done in a unique manner perhaps in two respects in that the Federal Government is applying efforts to a large number of varied problems of a region in a coordinated way on the scene by an agency which operates in the field close to the people and their own local institutions, and is cooperating closely with them.

That, Mr. Chairman, I think, is all I have to say unless you have some questions to ask.

Mr. SPARKMAN. I would like to ask a few questions, Mr. Ferris, right on the point you just left, and that is about the farm families who have been displaced.

When those families were relocated, were they relocated generally in the same area?

Mr. FERRIS. Mr. Congressman, the records I have on the 6,000 farm families is not exactly the same group. Including all of these, the record showed that all but 24 percent relocated in the counties in which they had formerly lived. All but 5 percent relocated in the States in which they formerly lived.

Mr. SPARKMAN. So only 5 percent moved out of the State?

Mr. FERRIS. That is correct.

Mr. SPARKMAN. And probably not that high a percentage out of that area?

Mr. FERRIS. That is right.

INDUSTRIAL EXPANSION IN AREA, 1933–37

Mr. SPARKMAN. You mentioned the industrial research program of the T. V. A. and said something about your encouraging new industries particularly adapted to that area to establish themselves there—not to move there but to develop there.

Mr. Ferris. To grow up there.

Mr. Sparkman. Have there been any to grow up down there?

Mr. Ferris. The best answer I can give that perhaps is what happened between 1933 and 1937. During that period, Mr. Congressman, the number of industrial establishments or commercial establishments in the valley increased 39 percent, whereas in the United States they increased only 17 percent.

On the other hand, the number of men employed increased 41 percent in both cases. Hence, so far, it would only be fair to say that the region has kept up with the rest of the country except there has been a greater tendency toward smaller plants more widely spread.

Mr. Sparkman. And have those been plants or industries particularly adapted to that area?

We hear criticism of plants moving from other parts of the country. Has there been any such movement into the valley?

Mr. Ferris. It is impossible to say finally that there has or that there has not. The ones of which I know are not of that type at all.

The Monsanto Chemical Co. and the Victor Chemical Co., for instance, are both in middle Tennessee because they want the phosphate rock that locates there.

Neither of them moved from anywhere else. They have grown up to use that resource and the employment and income is new employment and new income.

Mr. Sparkman. And isn't that true of the Electro-Metallurgical Co.?

Mr. Ferris. I think that is true of the Electro-Metallurgical Co.

Mr. Sparkman. And the Reynolds Metal Co.?

Mr. Ferris. Reynolds Metal Co. is getting its business from the expanded national consumption of aluminum and quite obviously all other aluminum plants are busier than others.

Mr. Sparkman. And I believe in your paper you refer to a milling company that is going up at Decatur. I suppose that is for the purpose of consuming some of this western wheat.

Mr. Ferris. That is the Nebraska Consolidated Mills. It is a new flour mill that takes western wheat and distributes it in the form of flour that is sold throughout the Southeast.

Mr. Sparkman. Is the river being used for navigation purposes?

Mr. Ferris. Yes, sir; it is rather interesting. It is being used already although it won't really be done for another 4 years. Even now, very important shipments are moving in, including some 75,000 tons of gasoline last year. Important movements of grain are coming in. The Mountain-City Mills Co. of Chattanooga has set up its own barge line and is bringing grains from St. Louis.

Mr. Sparkman. Has there been any effect on transportation costs?

Mr. Ferris. There has been a very great effect on the transportation costs of gasoline. The railroads have cut some rates on gasoline from midwestern refineries to Tennessee Valley points.

Mr. Sparkman. You mentioned something awhile ago about this freight rate barrier which plays against that section of the country and against any raw materials section.

I believe your predecessor, Mr. J. Hayden Aldrich directed the publication of a very valuable treatment of that subject, entitled "Interterritorial Freight Rates," did he not?

Mr. **Ferris.** He did, sir.

Mr. **Sparkman.** Which was published, as I recall, as a House document.

Mr. **Ferris.** Yes; it was submitted to the President under section 22 of our act. The President transmitted it to Congress and it became a House document about 1937.

Mr. **Sparkman.** Mr. Ferris, I got from your statement the opinion that the Tennessee Valley area must continue to be an out-migration section.

Mr. **Ferris.** The only facts that we can be sure of is that of 1,126 fairly typical farmers immediately operating under the program that is made possible by the T. V. A., everything points to a somewhat larger local employment.

The amount indicated so far is short of what would be necessary to enable the increased population all to stay in the valley, but that is a matter that will take years to find out.

Presumably rapid expansion of demand for labor in the industrial cities, both in the South and in the North, will result in considerable migration.

Mr. **Sparkman.** Is there an adequate supply of skilled labor in the valley to take care of new industries that might locate there?

Mr. **Ferris.** There is a very considerable supply of labor. In some skilled trades there are marked shortages. In certain trades in which the Tennesse Valley Authority has needed to employ men it has been impossible to get them locally.

On the other hand the industrialists of the region have had an experience generally indicating that the labor, although not trained at the outset, absorbs skills very quickly.

EMPLOYEE TRAINING BY TENNESSEE VALLEY AUTHORITY

Mr. **Sparkman.** I would like for you to tell us very briefly something the T. V. A. has been doing with reference to training labor.

Mr. **Ferris.** Since 1937 or so there has been a joint apprenticeship system which was set up in collaboration with organized labor. If you want actual figures and facts on it, I am afraid I will have to obtain them from our personnel department and file them with the record.

Mr. **Sparkman.** I was thinking you had set them out in your pages 55 and 66, I believe.

Mr. **Ferris.** I have a few figures but they refer primarily to this apprenticeship training program which had trained a comparatively small number of workers. For any adequate statement I will have to obtain them from our personnel department.[1]

Mr. **Sparkman.** I did think that it was a matter of interest, particularly at this time when there seems to be a shortage in skilled labor. It is interesting to know that the T. V. A. has carried along that program and you have done it in connection with organized labor.

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[1] See pp. 3836–3838.

Mr. FERRIS. That is true. In addition to that, Mr. Congressman, there have been a large number of temporary employees in certain jobs—in clearing reservoir areas at Pickwick, for instance. In their spare time they have had agricultural training provided by the land-grant agricultural college in the area, in cooperation with the T. V. A., so that at the end of their comparatively short period of employment they go back to farm life better equipped to run their farms than they had been before working for the T. V. A.

METHODS OF EMPLOYMENT

Mr. SPARKMAN. Mr. Ferris, we have had a good bit of testimony before our committee describing the confusion that has resulted at many of these defense projects over the employment of labor, showing the great masses of people that have migrated in there hoping to get a job.

I have been quite impressed with the methods that the T. V. A. has used in recruiting its labor for such projects. I wonder if in a few words you might describe that method to us?

Mr. FERRIS. In general the effort has been to employ local labor where it was available instead of encouraging large migrations inward.

The whole employment policy has been carefully developed in order to minimize useless wandering of people back and forth around the area.

As to an accurate statement as to where and how the people are employed, I will have to include that in any statement on training policies, if you want more detail.

There have been some shortages which have been met by employing people from outside of the area, but by and large an effort has been made to avoid that.

Mr. SPARKMAN. We shall be glad to accept that for the record.

(The material referred to was received subsequently and follows:)

EMPLOYEE TRAINING IN THE TENNESSEE VALLEY AUTHORITY

The employee training program of the Tennessee Valley Authority is designed to develop the skills needed by the Authority where such skills are not readily available to it, to increase efficiency of employees on their present jobs, and to increase employee qualifications for promotion to jobs at higher levels. The program is conducted largely outside of regularly scheduled hours, and, in the main, participation is voluntary. Extensive cooperation with State boards of vocational education, State and local universities, and local school systems has been utilized to integrate the training program of the Authority with the programs of educational agencies in the area.

The following describes the program conducted during the fiscal year 1940:

TRAINING FOR CRAFTS

On June 30, 1940, training programs for apprentices were provided in the following crafts: Carpenters, electricians, steamfitters, ironworkers, construction machinists, substation electricians, construction linemen, maintenance linemen, maintenance electricians, and hydroplant maintenance.

The distribution and number of apprentices in each of the crafts are presented in table 1.

TABLE 1.—*Apprentices employed by Tennessee Valley Authority as of June 30, 1940*

Craft	Total	Number of apprentices by location					
		Chickamauga	Hiwassee	Kentucky	Watts Bar	Wheeler	Other [1]
Carpenters	27	1	1	12	13		
Electricians	33	1	5	17	8	2	
Steamfitters	16	2		12	2		
Ironworkers	13		1	7	5		
Construction machinists	16			9	6	1	
Substation electricians	28						28
Construction linemen	40						40
Maintenance linemen	3						3
Maintenance electricians	1						1
Hydroplant maintenance	9						9
Electricians	7						
Inside machinists	1						
Painters	1						
Department of Chemical Engineering	12						12
Carpenters	1						
Electricians	3						
Steamfitters	2						
Ironworkers	2						
Inside machinists	3						
Brickmasons	1						
Total	198	4	7	57	34	3	[1] 93

[1] Apprentices in the Department of Operations and in the hydroplants, located at various points throughout the Tennessee Valley.

SEMISKILLED WORKMEN AND JOURNEYMEN

In addition to training for apprentices, a training program is also provided for semiskilled workmen and journeymen. Typical courses offered in this category are cable splicing and lead work, instruments, plant problems and blueprint reading, machine-shop practice, the use of the micrometer, shop mathematics, and welding.

TRAINING PLAN FOR STUDENT ENGINEERS

During the year the training plan for student engineers was continued. This plan provides for the appointment of two student engineers for each job under the plan, the students' alternating periods of school and work. A total of 30 pairs of student employees participated in this plan during the fiscal year.

IN-SERVICE TRAINING

Increased emphasis was placed on a program of in-service training for professional and semiprofessional employees. Typical activities offered in cooperation with local educational agencies or in informal study groups (in 1 month) are [1]—

Mechanics.
Civil Engineering.
Hydraulics.
Fluid Mechanics.
Electrical Engineering.
Seminar on the Economics of Multiple-Purpose Projects.
Hydraulic Design.
Model Analysis.
Mathematics (two classes).
Chemical Engineering.
Accounting Seminar.
Business Law.
Elementary Accounting.
Personnel Administration.
Principles of Administrative Legislation and Adjudication.
Labor Organization and Relations.

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[1] April 1940.

Seminar on Administrative Organization.
Orientation Lecture Series.
Public Speaking Clubs (three).
Film Study Group.
Constructive Accounting.
Cost Accounting.
Highway and Railroad Seminar.
Police Officers' Class.
Drafting Seminar.
Operations Seminar.
Highway Design.
Drafting Technique.
Lettering.
Map Compilations.
Perspective Drawing.
Symmetrical Components.
Reading Clubs.
Comptometry.

NUMBER OF INDIVIDUAL PARTICIPANTS

The number of individual participants in employee-training programs is set forth in table 2. One-fourth of the Tennessee Valley Authority personnel (25.7 percent of the average number of employees) took part in at least one activity during the year; many of these employees participated in more than one training activity. Comparable figures are not available prior to the fiscal year 1940.

Table 2.—*Number of individual participants in employee-training activities, by location, for the fiscal year ending June 30, 1940*

Location:	
Chattanooga (includes Chickamauga Dam)	996
Hiwassee Dam	([1])
Kentucky Dam	1,092
Knoxville	320
Watts Bar Dam	300
Wilson Dam	418
Total	[1] 3,126

[1] Figure for Hiwassee Dam not available. Office had been closed when request for these data was made.

NUMBER OF MEETINGS AND TOTAL ATTENDANCE

The number of meetings and total attendance for employee training activities for fiscal years ending June 30, 1936–40, are set forth in table 3. The reduction results chiefly from a reduction in number of locations at which there are large numbers of employees and from the fact that figures for earlier years also included many activities now considered community educational services.

Table 3.—*Number of meetings and cumulative attendance for job and in-service training activities for fiscal years ending June 30, 1936–40*

Fiscal years ending June 30	Number of meetings	Cumulative attendance
1940	4,503	39,313
1939	4,808	46,656
1938	7,729	63,071
1937	6,148	53,167
1936	4,871	62,073

TESTIMONY OF JOHN P. FERRIS—Resumed

Mr. Sparkman. Have you noted any migration into the valley as a result of defense projects there?

Mr. Ferris. I do not have accurate figures on that. Generally speaking, there has been no basic change in the situation of a high birth rate—too many people to earn a living easily, inadequate opportunities, and a tendency to migrate outward. I have heard vaguely of some local shortages of small numbers of workers here and there, but I cannot give you accurate facts.

Mr. SPARKMAN. In your paper you give us some very good statistics relating to the increase in economical appliances used by the people of that area, brought about very largely, I presume, by the lowered rates at which electricity may be obtained.

I am just wondering if you could give us any idea what level of cash income it is necessary for a farmer to have in order to be able to afford these electrical appliances.

Mr. FERRIS. The electrical appliances listed in my written statement were primarily for city people.

The low-income farmers generally start with light and radio and then it becomes a problem of using electricity to earn a living—using such things as poultry brooders or having access to local rural refrigeration cooperatives.

Now, that use of electricity is advantageous to farmers of low income. I should say many farmers with cash incomes down well below the $400 a year level are finding electricity very effective in helping them increase those incomes.

For instance, you probably are fully aware, better than I, of the problem of loss of hog meat in the South. You have $35,000,000 worth of pork slaughtered on farms in the South every year, and some estimates are that about $8,000,000 worth of it is lost.

Well, some of the low-income farmers who eat a lot of pork of that sort are getting together in local refrigeration associations, following, incidentally, the development of suitable units by the engineers of the T. V. A. and the university.

As a result of that they are able to avoid some of those losses of meat. They can store their pork during the curing time in refrigerated storage, thus avoiding losses.

Now, to the extent that a low-income farmer can get back some of that $8,000,000 for himself because he has access to local rural refrigeration, he is using electricity to help increase his income.

The same thing is true with sweetpotato curing and poultry brooding and local feed grinding.

Mr. SPARKMAN. Mr. Chairman, I believe that is all I have.

Mr. CURTIS. Nothing further.

The CHAIRMAN. Thank you very much, Mr. Ferris. You have given us a very valuable contribution.

The CHAIRMAN. The next witness is Mr. David Lasser.

TESTIMONY OF DAVID LASSER, PRESIDENT, AMERICAN SECURITY UNION, WASHINGTON, D. C.

The CHAIRMAN. Your name is David Lasser?

Mr. LASSER. That is right.

The CHAIRMAN. Mr. Lasser, you have been here most of the day. We are at adjournment time now and I want to say to you that you are here at your own request. We want to extend you every courtesy, but we would like to have you be as brief as possible because we are going to insert your whole statement in the record which will become a part of the record.

Mr. Reporter, at this point in the record you will insert the prepared statement of Mr. Lasser.

(The statement referred to is as follows:)

STATEMENT OF DAVID LASSER, PRESIDENT, AMERICAN SECURITY UNION

At the outset, I would like to express the appreciation of the underprivileged we represent for the able work being done by this committee. Its interest and intelligence is raising the hopes of many hundreds of thousands for some improvement in their terrible condition of life.

I am here as a representative of the American Security Union, the 100-percent American organization of unemployed, Works Projects Administration workers, and those seeking security.

We desire to contribute out of our experience some constructive suggestions, not only as to how the problem of destitute migrants may be met, but to cure the conditions which have created the problem.

We are sure the committee recognizes that the destitution of migrants is only a sore coming from the deep-lying poison of social insecurity. No matter how carefully you treat that sore, unless the poison is removed, the sore will break out with increasing frequency.

The poison of social insecurity in Europe killed democracy and gave birth to dictatorship and war. The desperation that leads hundreds of thousands of Americans to pick up and move somewhere else—anywhere else—led suffering people in Europe to give up liberty and freedom in the final hope that it would improve their conditions.

In America, we are turning our great energies to the problem of national defense. We are determined to keep at least the armed forces of dictatorship away from our shores.

The job of total defense, according to a letter sent our organization by President Roosevelt, "cannot be complete until all Americans willing and able to work have a job and a decent standard of living, and that all unable to work through no fault of their own have security."

Upon that statement of the President, we base our approach to the problem of destitute migrants.

To get anywhere in this problem, we must face determinedly the facts of social insecurity in America and have the courage to put into effect the measures necessary to end insecurity. Only then will we keep from our American shores the weapons of propaganda and internal confusion which the dictators want to employ as the prelude to military weapons.

The total defense we need today means utilizing for necessary work the labor of every person able and willing to work. It means that we will preserve as something precious the human dignity, the health, and morale of our underprivileged people. In wiping out the causes that make destitute migrants, we need to equal the effectiveness that the dictators have shown in utilizing their resources.

TWO KINDS OF MIGRATION

There are two kinds of migration. There is the migration of hope which founded and then built this country. That comes from people answering a call for a better job or better opportunity elsewhere. That kind we certainly want to encourage today so as to have a real mobility of our labor, to be used where needed.

The other migration is that which comes from desperation: from the feeling that conditions are so unbearable that it is better to be anywhere else.

The healthy migration can be encouraged; the unhealthy kind can be stopped by one overshadowing policy: the policy that citizens of the United States will have the helping hand of our American Government no matter what State or city they may be in.

For basic in the problem this committee is examining, are the contradictions, the lack of planning, the horrible inadequacy, the confusion in our whole security set-up today.

NEED OVERHAULING OF SOCIAL SECURITY MEASURES

Because there are many kinds of social security, each one administered differently, each one with wholly different benefits and pensions, the whole thing needs overhauling.

We have the Work Projects Administration, a joint venture between Federal Government and cities and counties. Wages on it range from $30 to $90 a month; we have direct relief, which is a State and, in many cases, entirely a local responsibility. Relief may be as little as a grocery basket a week, $5 a month, $40 or $50 a month. Then, we have old-age assistance, child and blind pensions on a matching basis between State and Federal Government; and, finally, we have unemployment compensation supervised by the Federal Government but administered by the State, which may provide $5 to $15 a week for 4 to 12 weeks.

The shifting policies of Congress on Work Projects Administration further confuse the hodgepodge and affect the financing of every other category of aid.

The confusions and contradictions which give one unemployed citizen $5 a month and give another $75 arise also because of the difference in the standards and the wealth of the various States.

We need, therefore, not only the arm of the Federal Government to protect a citizen no matter where he may live in America; but we need to use Federal resources to equalize the burden as between poor and rich States. Finally, we need to finance an adequate program by taxation of idle funds, that its holders can't or won't use, and use them to make possible work and security to all our citizens.

RECOMMENDATIONS

For this job we propose the following program:

1. We propose a great national public-works program to employ unemployed people to do necessary national-defense work. By national defense we mean total defense. Such a program, which we would call a defend America works program, would be national in the sense that all Americans would be eligible—irrespective of what State they are citizens. It would be free from the humiliations of the relief stigma; free from the poverty wages, from the crippling hand of uncooperative sponsors which are part of the Work Projects Administration program. Its purpose would be to defend America and defend Americans by providing necessary work; paying decent wages and treating those working on it as "first-class citizens" and not "second-class citizens."

This program would replace the present Work Projects Administration. It would employ at least 3,000,000 persons as long as there was necessary work to be done, and as long as that number of people were available who could not find employment in private industry.

Together with the roads, barracks, and airports it would build, it would work on the health, sanitation, and welfare work necessary to national defense.

There is plenty of use for our unemployed labor. Let's make use of them.

This program would be continuous, adjusted to the rise and fall of private employment, even after the end of the present defense emergency. It would be so planned as to avert an economic collapse when armament expenditures ceased. It would take care of the huge number of "hopeful" migrants who went to new industrial cities to contribute their labor in turning out planes, guns, ships, and who find themselves jobless.

This measure alone would take care of a large part of the migrant problem.

2. We propose a new social-security category of unemployment assistance for those who could not be employed on these public works for any reason, and who are in need of aid. Disbursed by the Social Security Board to States which set up approved relief systems, this aid would guarantee to those in need of relief a decent subsistence wherever they might be. The Federal Government would give to States, as in old-age assistance, one-half to two-thirds of the total grant, depending on the resources of the State.

This would end the disgrace of $5 a month relief checks in many States; or the rules in others, such as the District of Columbia, that employable people must break an arm before they can receive aid. It would stop that migration of desperation which takes place when people feel it's better to be anywhere else than at home.

3. In both the relief and work programs, as indicated, State barriers would be down; and a citizen of Ohio who has gone to California need not feel like an alien from Patagonia.

4. The extension of unemployment compensation to provide more adequate and equalized benefits; and provision to take care of workers who have migrated from one State to another and do not want to lose their benefits. This needs Federal participation in unemployment compensation.

5. Concerted national planning and action to solve the unemployment problem on a permanent peacetime basis, and to make available to all the people the high standard of living we are able to produce.

This program will be costly. But so is any real national defense. Our Nation is prepared to pay $35,000,000,000 to rearm before this emergency is over. But that will only give us weapons. Why not add the protective defense of a healthy, contented people who have faith in democracy because it has given them security?

There are some people influential in our Nation who declare that these proposals we make are unnecessary. The armament problem will solve everything, they say; and even the aid we give our underprivileged today is unnecessary. These impatient advocates of economy at the expense of our underprivileged would gamble with the health and welfare of the people and the safety of our Nation. Right now they are planning, if they can, practically to scuttle the Work Projects Administration program and make hundreds of thousands more destitute.

If present aid is cut, hundreds of thousands will find their slender income removed. Lured by the prospect of a job somewhere else, they will move to another town only to find 3 or 4 unemployed waiting for every job available.

It is well to look at the facts and see whether they are right in their contentions that less aid is needed today.

Today there are about 8,500,000 unemployed. Of them, 1,900,000 are on Work Projects Administration; another 750,000 are certified and waiting; still another 1,000,000 or more should be certified but are not. This total group numbers 3,650,000 or less than half the total unemployed.

Of the new jobs given by industry, this great group gets only 40 percent. Let us assume that private employment increases by 3,000,000 over the next period. What will happen to our needy group? They will get 40 percent of those jobs, or 1,200,000. Therefore, there will be left nearly 2,500,000 in that group. That is 600,000 more than have Work Projects Administration jobs today. In other words, even a 3,000,000 increase in employment will leave an unmet need of about 600,000 for works program employment. Actually it will require an increase of about 4,250,000 just to remove the backlog of those waiting for works program jobs. These are facts, and no emotionalizing about economy can change them.

TESTIMONY OF DAVID LASSER—Resumed

The CHAIRMAN. Are there any highlights you want to call to our attention, Mr. Lasser?

Mr. LASSER. Well, if it is more convenient to the committee I would be glad to come back tomorrow morning.

The CHAIRMAN. Well, the trouble with that is we are crowded tomorrow the same as we have been today. Tomorrow is our last day, and the reason we are waiting now is to hear you and another witness so we may formally get into the record your full statements.

Mr. LASSER. All right, sir; I will be glad to be quite brief. I don't think it will take me more than 15 minutes.

The CHAIRMAN. I have read your statement, and it is not necessary to go over that. Why can't you give us your recommendations? That is what we are interested in. We are familiar with conditions.

Mr. LASSER. All right, sir. I will be very glad to do that. As the committee is aware, the problem, as I indicated here in the statement, of destitute migrants is only the revealing of a sore the cause of which is necessary to find if we are going to cure the problem of destitute migrants, and this sore, in our opinion, is social insecurity.

We believe that people migrate first in hope of a job and, secondly, they migrate because of desperation of conditions that are too unbearable.

CAUSE OF MIGRATION IS SOCIAL INSECURITY

Our belief is that the cause of migration among the underprivileged groups is basically the confusion that exists between the various parts of what is called social security—the confusion as between, let us say, W. P. A., in which you have a joint sponsorship between the Federal Government and the cities and States, and local relief, which is a responsibility of the localities, unemployment compensation, old-age assistance, and lack of uniformity between States in residence requirements.

RECOMMENDATIONS

Our first recommendation basically is that there has to be an overhauling of our social-security categories, so that a person will feel no matter where he is that he has certain rights if he is in need as a citizen of the United States. There must be a more coherent program of social-security aid in which a person will not be denied relief for aid if he should for one reason or another move from one State to another.

Our recommendations are four or five in number, which we believe are practical and cannot only cure the migrant problem but what lies back of it.

Firstly, we would propose the scrapping of the present W. P. A. program and putting in its place a new works program employing about 3,000.000 people in which people will be eligible not because they are on relief but because they are unemployed and in need of work and can't find work in private industry.

People would not be compelled to go on relief rolls to get this aid and therefore a man could remain in his own locality, or, if he happened to take a job and the job gave out, he would find he would be eligible for works-program employment because he happens to be out of work and in need of work.

We believe that the present W. P. A. program, as a means of relieving destitution, of which the migrant problem is one, is wholly inadequate and it no longer meets the needs of 1940.

It does not meet the needs, first, because the program as far as the number employed is too small.

Secondly, the wages paid are too low for decent subsistence, and,

Third, conditions on it are such as to make, we believe, of these people second-class citizens instead of first-class citizens.

So we believe if there were an adequate public-works program that would take care of a large part of the destitute people who form the migrant class, this condition would be cured.

We believe, especially now when our Nation is trying to rearm and defend itself, that there is absolutely no excuse for our not utilizing the labor of every person who is in need of work and who wants to work.

I represent these people and I know that whether they can stick it out in their homes or have to move to another place they want to contribute their labor to the defense of our Nation and they are willing and ready to do that and they want such work.

Point two is that we propose that instead of local relief being a local responsibility there be established a category of what we would call unemployment assistance. We recommended this to Congress on several occasions in which the Federal Government would participate with the States in making grants to the States if the States were to set up approved relief systems. That means if they were to set up a relief system which met certain Federal standards, the Federal Government would match by half or two-thirds the relief which is given in the locality irrespective of whether the person happened to be a citizen of the State in which he lived. If he was there on a justifiable purpose and was in need of Federal aid, it would be given just as it is now given to old-age assistance, aid to dependent children, and what not.

This program of unemployment assistance distributed by the Social Security Board would take care of another large section of those people who are made destitute and who pick up in desperation and find that it is better to be anywhere else than where they are because their conditions of life where they are are too unbearable.

We find, for example, that in States in the South the relief may average $5 a month per person. In other cases it may be just a grocery order. A person may find in New York that the same relief would be $40 a month and, therefore, he says, "I can't be any worse off by trying, I will pick up and I will leave Georgia or Alabama and I will go to New York."

The third proposal we would make is as mentioned, that in these relief and works programs that the State barriers would be down and a citizen of Ohio who has gone to California need not feel as though he is an alien from Patagonia because he happened to be in California instead of Ohio.

There should be an extension of unemployment compensation to provide more adequately the equalizing of benefits and provisions to take care of workers who have migrated from one State to another and who do not want to lose their benefits. That would mean some kind of Federal participation in the unemployment compensation.

Fifth, concerted national planning and action to solve the unemployment problem on a permanent peacetime basis and to make available to all the people the high standard of living we are able to produce.

Now, these, very briefly, and condensed, are our recommendations.

DANGER OF CURTAILING PRESENT RELIEF PROGRAM

I would like to make one further observation on this, which I think is very pertinent to what the committee is attempting to do. In the next 4 or 5 months the problem that you are trying to solve, the migrant problem, can become much better or it can become infinitely worse. That will depend on what Congress does with regard to appropriations to aid the needy over the next few months.

There are moves already being started now on the basis of anticipated increase in private employment to cut drastically the aid which is now given, such as by W. P. A.

I am sure you gentlemen recognize that if this action were taken and these people could not secure private employment, it is going to cut hundreds of thousands of additional people loose from their own homes and set them adrift on the highways and byways in the hope of finding a job in another place.

We believe that the attempt to cut W. P. A. now is a mistaken attempt and it is going to make our whole social problem infinitely worse.

I would just like to give you briefly a figure which I think substantiates the case I am making. The story is told us today that the need for such aid not only to people who are at home but to migrants also is less because of the increase in private employment and therefore the people who are now receiving aid can expect to be absorbed in industry in the very near future.

We find today that there are about 8½ million unemployed. Of these 1,900,000 are on W. P. A., another 750,000 are certified and waiting, another 1,000,000 should be certified but are not.

This total group numbers 3,650,000 or less than half the total unemployed. Of the new jobs given in industry therefore, this great group cannot expect to get more than 40 percent. Let us assume therefore that private employment increases by 3,000,000 over the next period—what will happen to our needy group?

They will get no more than 40 percent of those jobs and no more than 1,200,000. Therefore, there will be left nearly 2½ million in that group and that is 600,000 more than there are W. P. A. jobs today.

In other words, even with an increase in private employment of 3,000,000 it will leave an unmet need of 600,000 for Works Program employment.

Therefore, it will require an increase of about 4,250,000 in private employment just to remove the backlog of those who are now waiting for Federal aid.

Now, 4,250,000 are a lot of people. I understand that Dr. Lubin, appearing here yesterday, expressed his opinion that there would be an increase of 6,000,000 by the end of 1941.

We certainly hope that his optimism is well-founded and that our people will go back to work.

I don't think we can afford to take a chance that that will be well-founded and I don't believe we ought to cut this aid which is now already inadequate. We are giving about half of what is needed until this increase in employment actually materializes and then we are all in favor of telling people no matter where they might be, whether migrants or not, that if there is private employment available they should take it. But until the private employment actually materializes we don't believe that the already inadequate aid should be cut, because, I repeat, if it is with the prospect of private employment hundreds of thousands and perhaps millions of additional people are suddenly going to pull up their stakes and they are going to move wherever they hear of the possibility of a job, only to find three or four people already there waiting for every job that is available.

Now that will serve as my brief statement.

Mr. Curtis. Mr. Lasser, where do you live?

Mr. Lasser. Washington.

Mr. Curtis. I want to ask you a few questions for the information of the committee and for the purpose of the record.

Mr. Lasser. Surely.

CREATION AND ORGANIZATION OF AMERICAN SECURITY UNION

Mr. Curtis. How old an organization is the American Security Union?

Mr. Lasser. Well, sir, we are just a baby. We were formed in August of this year.

Mr. Curtis. And you are the president of the organization?

Mr. Lasser. Yes.

Mr. Curtis. Who are the other officers?

Mr. Lasser. John W. Gruse of Indiana is the secretary. We have a national board.

Mr. Curtis. What is Mr. Gruse's address in Indiana?

Mr. Lasser. He is here now in Washington but his home is in Terre Haute, Ind. I might explain, sir, for your information, something of the growth of our organization.

I used to be the president of the Workers' Alliance of America. In July of this year I resigned because of the Communist influence in the organization. A large number of the groups in the Workers' Alliance pulled out with me and set up the American Security Union.

Mr. Curtis. Who are the other officers?

Mr. Lasser. Well, there is a national board of 20 whose names I will be very happy to furnish you. I believe it is on our letterhead if you have one there.

Mr. Curtis. I do not have it. Will you submit one to the reporter?

Mr. Lasser. I will be very glad to.

(The letterhead referred to is as follows:)

American Security Union

National Headquarters, 1719 K Street NW

Phone NAtional 4694

WASHINGTON, D. C.

David Lasser, *President* John W. Gruse, *Secretary-Treasurer*

National Committee: George Becker, Wisconsin; Mary Carter, Kansas; Albert Castner, New Jersey; Lawrence Conway, West Virginia; J. Claude Davis, Wyoming; Katherine Dease, Georgia; Edward Diggs, New Jersey; Ida Gladson, Iowa; Irene Kunst, Illinois; E. E. Lacey, Missouri; Hugh Leeka, Indiana; Edward Milburn, Iowa; Eugene Poulnot, Florida; Helen Reddick, Illinois; Fred Rohrbacher, Illinois; John Sparks, Ohio; Frank Stanek, Minnesota; Ann White, Michigan; Donald Wilson, Ohio; James Witherspoon, Ohio.

"Security for America MEANS *America's Security"*

Mr. CURTIS. What is your business or profession? How do you make a living?

Mr. LASSER. Well, I was trained as an engineer. The little living I make I make as a paid officer of the American Security Union.

Mr. CURTIS. How many members do you have?

Mr. LASSER. We have, sir, about 20,000.

Mr. CURTIS. Where are they located?

Mr. LASSER. Twenty-four States—spread pretty much throughout the country.

Mr. CURTIS. Is it a labor union?

Mr. LASSER. Yes; we would call it a labor union of unemployed and W. P. A. workers. That is, we are sort of a hybrid organization, but that is the best evidence I can give you.

Mr. CURTIS. How do you recruit your members? Do you have field workers?

Mr. LASSER. Well, we charter locals in our organization and give them a certificate of affiliation, and the locals are authorized to recruit membership in their own territory and jurisdiction.

Mr. CURTIS. And you have recruited 20,000 members since last July?

Mr. LASSER. Well, as I say, a large number of them were then members of the Workers' Alliance, and when I and some other officers pulled out these people came over with us.

Mr. CURTIS. Is the American Security Union in any way connected with the Communist Party?

Mr. LASSER. Sir, we do not permit Communists in our organization. As I informed you our organization was formed as a revolt against the Communist domination of the Workers' Alliance, and we pulled out on that basis, and our constitution forbids Communists or Fascists or any of those people to be members of our organization—we keep them out.

Mr. CURTIS. Are any of the officers or leaders former Communists?

Mr. LASSER. I would not know, sir. They certainly can't be members and be Communists. What they were formerly, I don't know.

Mr. CURTIS. Have you prior hereto been a member of the Communist Party?

Mr. LASSER. Pardon me?

Mr. CURTIS. Have you prior hereto been a member of the Communist Party?

Mr. LASSER. Never, never, sir.

Mr. CURTIS. Never have?

Mr. LASSER. No.

Mr. CURTIS. Now, what dues do you charge these W. P. A. workers?

Mr. LASSER. Well, our national per capita is 13 cents a month per member. That is, the locals are permitted to charge their own dues but we charge them 13 cents per month per member. That is what we call the per capita.

Mr. CURTIS. What is the anticipated annual income of your national organization?

Mr. Lasser. Well, I wouldn't say it is going to be very great because there are a lot of these people who can't afford to pay dues. Some of them are unemployed, some on relief, and some lose their W. P. A. jobs and we are just a trifle too young to have many anticipations.

If I were to give you a rough figure I would say maybe $15,000 a year if a goodly percentage of them pay dues, but that may not happen.

FINANCE PROPOSED FEDERAL SECURITY PROGRAMS BY TAXATION

Mr. Curtis. I noticed in your statement following the five recommendations you make, you have this statement: "This program will be costly."

Do you have any suggestions to make as to how to meet that cost? Should it be by further borrowing or do you have any suggestions with reference to taxation?

Mr. Lasser. Yes, sir; we emphatically believe it ought to be through taxation rather than borrowing.

Mr. Curtis. What type of taxation?

Mr. Lasser. Well, to put it briefly, I would say taxation on what we call idle wealth. That is the wealth which is neither spent nor invested, wealth which just lies in the banks not being used. And I think if you trace it back you will generally find that wealth belongs to people of large incomes who have more than they want to use or spend or invest—corporations which have large surpluses that they can't use—inheritances, gifts, tax-exempt securities, that general category. And I think they would represent the categories of what we would call idle wealth.

Mr. Curtis. You think surpluses are a bad thing?

Mr. Lasser. No, sir; I think they are an excellent thing if they are used when needed. In other words, we are all in favor of individuals, governments, corporations saving up for a rainy day. But we believe that when the rainy day comes they ought to be used.

In other words, with 45,000,000 people in the country today underfed, we believe that money which is not being used for any other useful purpose should be used to take care of these people.

And I might say parenthetically, sir, that although we feel sympathy for everybody who is hungry, we would much rather see, first, that our own hungry citizens were taken care of before we begin to feed people in other countries.

Mr. Curtis. Well, I noted what you said figuratively about the rainy day.

Mr. Lasser. Yes.

Mr. Curtis. Who will decide when it rains?

Mr. Lasser. Well, under our democratic form of government it is up to the Congress of the United States, by its power to legislate and its power to tax.

Mr. Curtis. And you think the Congress of the United States should use that power to dissipate corporate surplus and private savings that were not working and funds of that sort?

Mr. LASSER. Well, sir, we would take precisely the same attitude as would be taken, let us say, by a community where there happened to be a lake owned by one person who had more water than he wanted to use, either for drinking or for any other purpose, and many other members of the community, through no fault of their own, were suffering a drought.

Now, I think that community in its good sense and judgment would take away part of the water which is not needed by that one person and distribute it to the other people who, through no fault of their own, are lacking in water.

We feel that the same thing is applicable to our situation today with millions of people, as I say, 45,000,000 people, who are underfed, millions of them unemployed. The whole health of our economic organism would be improved instead of the wealth lying in one place—it would be distributed through our economic system.

Mr. CURTIS. And would you have the Government take it away from those who have it and give it to those who do not have it?

Mr. LASSER. Well, it already does that in a sense through taxation of income and through taxation of corporations.

Mr. CURTIS. But you would have it done in an accentuated manner?

Mr. LASSER. Yes.

Mr. CURTIS. And you would follow that with a capital levy tax?

Mr. LASSER. No, sir; because that might do more harm than good. Wealth is one thing and money is one thing. Capital is another and capital may be represented by a building. It might be very difficult to take a building apart and distribute it.

We saw this morning where the Secretary of the Treasury is making one of those steps to reduce the tax exemption on bonds in order to get at what he calls "slacker wealth," and we think it is a very excellent start in that direction.

Mr. CURTIS. You approve of Mr. Morgenthau's move?

Mr. LASSER. Yes, sir.

Mr. CURTIS. That is all I have, Mr. Chairman.

The CHAIRMAN. We thank you, Mr. Lasser, for your contribution. Our next witness is Mr. Magnusson.

TESTIMONY OF LEIFUR MAGNUSSON, CHAIRMAN OF LEGISLATIVE COMMITTEE, MONDAY EVENING CLUB, WASHINGTON, D. C.

The CHAIRMAN. Mr. Magnusson, will you give your name and official connection and address to the reporter?

Mr. MAGNUSSON. My name is Leifur Magnusson. I am chairman of the legislative committee of the Monday Evening Club of Washington, D. C.

I have submitted a written statement.

The CHAIRMAN. Yes; and it will be inserted in the record at this point.

(The statement referred to is as follows:)

STATEMENT OF LEIFUR MAGNUSSON, CHAIRMAN, LEGISLATIVE COMMITTEE, MONDAY EVENING CLUB, WASHINGTON, D. C.

I am appearing before the committee as chairman of the legislative committee of the Monday Evening Club of Washington. This group has an active dues-paying membership of about 600 persons. It represents both lay and specialized interests of social welfare in the District of Columbia.

The District's problem of the transient worker is what brings me before this committee.

The club has a plank in its platform which approves public assistance to all needy nonresidents pending their return to their legal jurisdictions, where possible, or pending their adjustment in the community. This means that a special fund must be created and maintained, we believe, for this particular segment of social work in the District. The fund should be a joint District and Federal one, as the scope of the problem extends beyond the District.

The migrant problem, as has so often been repeated here, is a natural and national problem. People have an inalienable right to move about from opportunity to opportunity in the economic world. The States cannot act as sealed vacuum bottles of their people. Social problems in the United States knowing no State lines are for the most part national problems. This is especially so in the District with its limited area and its drawing power as the capital. Mr. Bondy in his statement to the committee has indicated the special causes aggravating transiency in the District and told you the history of its treatment. I would like to endorse his four-point program which includes:

1. Uniform settlement laws for the various States and the District of Columbia.
2. Adequate general relief to be accomplished under the Federal Social Security Act by making provision for the District of Columbia that the Social Security Board match local expenditures with general public assistance in the same way that it matches local expenditures for old-age assistance, aid to the needy blind, and aid to dependent children.
3. As part of a Federal program suitable provision of funds for care of nonresident persons and families during the period of investigation of residence for return to the home State and, in the event that residence is not found to exist, a period of care until a plan is developed in each instance.
4. A municipal lodging house with suitable services that would meet a reasonable part of the need for lodging facilities for homeless men, both white and colored.

And now, may I add a word on the general problem of migration with which you are dealing? I ask this because years ago I used to study and write about camp housing and company towns as a would-be expert in the Bureau of Labor Statistics, and later was director of the Washington Branch of the International Labor Office.

There are two obvious phases to the problem of migratory labor. There is first the absolute minimum of movement that just go with seasonal crops and seasonal industries which depend on those seasonal crops as well as on special seasonal market requirements, and, second, the problem of stabilization of that probably larger part of the movement that arises from bad economic conditions and unhealthy social circumstances.

Briefly, for that normal seasonal migration the chief remedial action lies in adequate temporary camp housing and public-health inspection of such premises. For treatment of the underlying economic distress the answer is small-farm proprietorship and Government credit for purchase of small holdings. Denmark, for example, has conserved her agricultural leadership and settled her population and greatly stabilized both her agricultural and industrial population by a system of small holdings, begun over a generation ago. The evils of tenancy can be great and devastating. The contrary benefits of small holdings and more cooperative living can be contrariwise equally salutary. Instead of having wasted $4,000,000,000 in triple-A subsidies to going, if not fairly prosperous, concerns in agriculture, this country should have spent that amount for settling a million families on their home soil from which they were bred and in which they naturally find their greatest contentment.

TESTIMONY OF LEIFUR MAGNUSSON—Resumed

The CHAIRMAN. It is getting rather late and we will appreciate it if you will make your oral statement as brief as possible.

Mr. MAGNUSSON. If you will permit me, I will omit the statement entirely and go to something else.

The Chairman. I shall be glad to do that. We shall be glad for you to make any remarks you care to, but do so as briefly as possible.

Mr. Magnusson. I am interested mainly in the local situation for the provision of a local fund which would cooperate with the National Government and the District of Columbia in providing that fund.

There was some doubt cast upon the fact that if we established a local fund in the District and provided perhaps too generous relief the people might flock to this city.

That is true but it works both ways. Those people would be questioned and examined and, therefore, expedited in their return to their homes, which is a desirable thing, and if they have no home some adequate relief can be provided for them here. That is the main point in behalf of a local fund for caring for the transients.

It is true, Mr. Chairman, that we get more than we are entitled to because they have to cross the Potomac River at this point but perhaps when we get the new bridge Baltimore will get more of them, but that won't solve the problem. We will still have migrants to take care of.

What I have to say in general with reference to the fundamental matter is two things:

It is first a matter of relief for those who are distressed in looking for jobs. Relief is necessary but it seems to me that there has been altogether too much emphasis on the relief aspect of it. That has nothing to do with a solution of social security, old-age pensions and W. P. A. and all that. It seems to me that is entirely irrelevant so far as a solution of the migrant problem is concerned.

Our problem is to get people in contact with either capital or on the land out of which they can get their living.

Now, it is futile to talk of capital in certain regions in this country and the establishment of industrial plants where there isn't the underlying population to begin with.

It may not be good poetry, Mr. Congressman, but it is usually presumed to be good poetry, that "a bold peasantry is our country's pride, and when once destroyed can never be supplied." But it is even better economy because it seems to me the problem if migration is to get these workers to stay on the land and in their localities as much as possible.

As I say in my statement I think this country would be much better advised if we had spent our four billions which in 5 years we put into A. A. A. agricultural subsidies, as a loan fund to give to people to buy land and to free themselves from the evils of tenancy.

That would have taken care of 1,000,000 families in the United States—it would have put them to work on their own land making their own living instead of being migrant labor.

In other words, with an appropriation of, let us say, $500,000,000 a year—which is nothing compared to the amounts that have been dished out for A. A. A. subsidies to farmers who I don't think needed it, because they were going concerns already—we could have put many people on their own land.

That is the example that we have in agricultural countries such as Denmark and Scandinavia and countries which have practiced that system for the last 30 years, with the result they have a stable peasantry and a stable population earning its living and making a minimum claim upon relief, which in the long run of society is a scandalous way of wasting money.

Don't misunderstand me, social legislation has its part, but nothing to do with the economic business of putting people in contact with capital or land on which they can make their living.

There is also a problem in education, but we can't do all those things at the present time. Education in the locality must go along with this attempt to settle the people.

Instructions in farming must go along with the teaching of diversified agriculture, and so forth.

The problem, in other words, is a strictly capitalistic one. I might put it that way, a problem of stimulating the producer—set him to work. Put labor in contact with land and capital and that seems to me is the problem.

The Chairman. Mr. Magnusson, what is the Monday Evening Club?

Mr. Magnusson. The Monday Evening Club is a group of people in the District of Columbia who are interested in the welfare of the District of Columbia. It includes both the lay people and the people who are administrators in the welfare agencies.

The Chairman. Do you meet every Monday?

Mr. Magnusson. We meet every month. We have about 600 members and we discuss local relief problems.

The Chairman. And are you an official of the organization?

Mr. Magnusson. I am chairman of the legislation committee.

The Chairman. And is it in that capacity that you are here today?

Mr. Magnusson. Yes, sir.

The Chairman. Does this represent the views of your organization?

Mr. Magnusson. Insofar as I speak for the local relief fund, the necessity of maintaining that, I am speaking for the Monday Evening Club.

I make it clear in my statement that on these other things I am speaking merely out of my knowledge and experience because I used to be, about 25 years ago, with the Bureau of Labor Statistics studying this problem.

The Chairman. As I understand it, the substance of your statement is that in treating the migrant problem we need to strike at the roots of it?

Mr. Magnusson. I think so.

The Chairman. These other things that you mention and criticize somewhat are, we realize, more or less palliatives that must be given as an immediate remedy.

Mr. Magnusson. Yes.

The Chairman. And not a cure?

Mr. Magnusson. That is right.

The Chairman. So I believe we don't differ insofar as that is concerned?

Mr. Magnusson. No; I don't think so.

The Chairman. Your argument is that we need to strike at the roots of it?

Mr. Magnusson. That is all there is to it.

The Chairman. Thank you very much. The hearing will now adjourn until 10 o'clock tomorrow morning.

(Whereupon, at 5:30 p. m., the hearing adjourned until 10 a. m., Wednesday, December 11, 1940.)

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